

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: PTI SECURITIES)	
& FUTURES L.P., an Illinois Limited)	
Partnership, its managers, officers, affiliates,)	File No. 1500161
subsidiaries, representatives, successors, and)	
assigns, and;)	
DANIEL JOHN HAUGH, an individual.)	

CONSENT ORDER OF CENSURE

TO THE RESPONDENTS: PTI Securities & Futures L.P. (CRD # 29275)
Care of:
The Rzepczynski Law Group
Attention: Gregg Rzepczynski
175 W. Jackson Boulevard, Suite 240
Chicago, IL 60604

Daniel John Haugh (CRD # 2162854)
Care of:
The Rzepczynski Law Group
Attention: Gregg Rzepczynski
175 W. Jackson Boulevard, Suite 240
Chicago, IL 60604

WHEREAS, PTI Securities & Futures L.P. and Daniel John Haugh on the 28th day of April, 2017 executed a certain Stipulation to enter Consent Order of Censure ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, PTI Securities & Futures L.P. and Daniel John Haugh submit to the jurisdiction of the Secretary of State, Securities Department, and have consented to the entry of this Consent Order of Censure.

WHEREAS, by means of the stipulation, Respondents PTI Securities & Futures L.P. and Daniel John Haugh admit to the following Findings of Facts contained in this Order:

The grounds for such proposed actions are as follows:

1. Respondent PTI Securities & Futures L.P. ("PTI") has been registered as a dealer with the Illinois Secretary of State since March 16, 1992, and has the last known address of 411 South Wells Street, Suite 900, Chicago, IL 60607.

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2. Respondent Daniel John Haugh ("Haugh") has been a registered salesperson of Respondent PTI since March 16, 1992; the President of Respondent PTI since December of 1995; and the Chief Compliance Officer "CCO," Financial and Operations Principal "FINOP," FINRA Executive Representative, Anti-Money Laundering Compliance Officer "AMLCO," and Registered Option and Security Futures Principal "ROSFP" of Respondent PTI since April 2007. Since October 31, 2014, Respondent Haugh has been registered as an investment adviser representative with Wells Street Advisers, LLC, and has a last known address of 10909 S. Longwood Drive, Apartment 1, Chicago, IL 60643.
3. In or around November 2009, Investor A ("OCS") opened a Traditional IRA at Respondent PTI. The listed salesperson on the IRA application was Respondent Haugh. The application listed OCS's social security number and date of birth. OCS was the only applicant on the account. The application was signed by both OCS and Respondent Haugh.
4. Beginning on February 19, 2015, Respondent Haugh began receiving emails which he believed to be sent from OCS. The first email requested the balance of OCS's account.
5. Respondent Haugh responded to the email on February 19, 2015, stating the current balance of OCS's account.
6. On February 23, 2015, Respondent Haugh received another email from what he believed to be OCS requesting the transfer \$45,780 from OCS's IRA account to a third party's bank account unassociated with OCS or his account. At such time, Respondent Haugh requested and sent a wire transmittal request form to OCS's email address requesting that OCS complete the information requested on the form.
7. On February 23, 2015, Respondent Haugh received the completed wire transmittal request form from OCS's email address.
8. Respondent Haugh, or any representative of Respondent PTI, failed to verify the information listed on the transfer request form, which contained OCS's incorrect social security number, incorrect date of birth, and a forged signature other than what Respondent PTI and Haugh had on file. Neither Respondent Haugh nor any representative of Respondent PTI contacted OCS via telephone, or by any other means besides email, to verify that it was in fact OCS making this transfer request since Respondent Haugh had traded emails with OCS's email address in the past.
9. The request was forwarded to Respondent PTI's clearing firm, who was the custodian of the funds, and the clearing firm processed the wire request on February 23, 2015 transferring \$45,780 to the third party account.
10. On March 4, 2015, Respondent Haugh received another email from what he believed to be OCS. Attached to this email was a signed wiring instruction and completed

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distribution form both in PDF formats, requesting the transfer \$45,780 from OCS's IRA account to a third party's bank account unassociated with OCS or his account.

11. Again, Respondent Haugh, or any representative of Respondent PTI, failed to verify the information listed on the transfer request form, which contained OCS's incorrect social security number, incorrect date of birth, and a forged signature other than what Respondent PTI and Haugh had on file. Neither Respondent Haugh nor any representative of Respondent PTI contacted OCS via telephone, or by any other means besides email, to verify that it was in fact OCS making this transfer request.
12. The request was forwarded to Respondent PTI's clearing firm, who was the custodian of the funds, and the clearing firm processed the wire request on March 4, 2015 transferring \$45,780 to the third party account.
13. On March 10, 2015, Respondent Haugh received another email from what he believed to be OCS. Attached to this email was a signed wiring instruction and completed distribution form both in PDF formats, requesting the transfer \$53,980 from OCS's IRA account to a third party's bank account unassociated with OCS or his account.
14. As with the previous two transactions, Respondent Haugh, or any representative of Respondent PTI, failed to verify the information listed on the transfer request form, which contained OCS's incorrect social security number, incorrect date of birth, and a forged signature other than what Respondent PTI and Haugh had on file. Neither Respondent Haugh nor any representative of Respondent PTI contacted OCS via telephone, or by any other means besides email, to verify that it was in fact OCS making this transfer request.
15. The request was forwarded to Respondent PTI's clearing firm, who was the custodian of the funds, and the clearing firm processed the wire request on March 10, 2015. However, later in the day on March 10, 2015, Respondent Haugh was notified by the clearing firm that the wire was rejected by the receiving bank. Respondent Haugh emailed what he believed to be OCS to inform him of the rejection.
16. On March 11, 2015, Respondent Haugh received another email. Attached to this email was a different signed wiring instruction, for \$53,980 to be wired to a different account held by unrelated third party.
17. At this point Respondent Haugh replied to the email asking OCS to call to discuss yesterday's (3/10/2015) transaction. Respondent Haugh did not receive a response to this email.
18. Respondent Haugh called OCS, using the telephone number on record with PTI, and learned that the actual OCS never sent any emails requesting distributions, that OCS did not authorize the emails which came from OCS's email address, and this was the first he was hearing about this.

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19. During this period of time, OCS never had notice or reviewed any of the email communications which were exchanged between PTI and the third party impersonating OCS.
20. Section 14. Know Your Customer of PTI's written supervisory procedures, explicitly states that for any person that is engaging PTI, PTI will obtain the following: Name, Date of Birth, Physical address, and Taxpayer Identification Number.
21. Section 14.1.7 of PTI's written supervisory procedures also requires that firm operations staff will verify customers' signatures prior to acting on a LOA instructing the firm to change an address, transfer an account or securities, etc. The firm's Operations staff will compare all such signatures to the customer's New Account Forms and customer agreements. Any discrepancies will be discussed with the broker and/or customer prior to acting on the LOA.
22. Respondent PTI failed to follow its written supervisory procedures when it received the email requests for distributions to third parties; with incorrect customer information (SSN & DOB) on the distribution request forms, clearly inaccurate or forged signatures on the wire instructions and request forms from what they had on file, and a completely different method of distribution.
23. Respondent Haugh as CCO failed to follow PTI's written supervisory procedures when he received the email requests for distributions to third parties; with incorrect customer information (SSN & DOB) on the distribution request forms, clearly forged signatures on the wire instructions and request forms from what PTI had on file, and a completely different method of distribution.
24. Respondents PTI and Haugh, as PTI's CCO, had insufficient procedures in place which were reasonably designed to review and monitor the transmittal of funds or securities received via email.
25. Section 8.E(1)(e)(iv) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a dealer or salesperson may be denied, suspended or revoked if the Secretary of State finds that the dealer or salesperson 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.
26. Section 8.E(1)(g) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a dealer or salesperson may be denied, suspended or revoked if the Secretary of State finds that the dealer or salesperson has violated any of the provisions of this Act.

CONCLUSIONS OF LAW

By means of Stipulation, Respondents PTI and Haugh acknowledge and admit to the facts alleged in this Consent Order. Respondents PTI and Haugh submit to the jurisdiction of the Secretary of State, and acknowledge and admit that to the following Conclusions of Law:

1. Respondents PTI and Haugh have each violated Sections 8.E(1)(e)(iv) and 8.E(1)(g) of the Illinois Securities Law of 1953.

UNDERTAKINGS

WHEREAS, by means of the Stipulation, Respondent Haugh, personally and on behalf of Respondent PTI have acknowledged and agreed to the following:

1. Acknowledge that full restitution of the transferred funds referenced above has been made to OCS allowing this Consent Order of Censure to be entered into with the Illinois Secretary of State, Securities Department. This shall have included reimbursement for any expenses incurred by OCS in his efforts to appear before the Department for any scheduled Hearings.
2. Both Respondents PTI and Haugh shall be censured in accordance with Section 11.E(4) for violations of Sections 8.E(1)(e)(iv) and 8.E(1)(g) of the Illinois Securities Law of 1953.
3. Respondent PTI agrees to a fine of \$2,500 in accordance with Section 11.E(4) for violations of Sections 8.E(1)(e)(iv) and 8.E(1)(g) of the Illinois Securities Law of 1953, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1500161 within 20 days of this Order.
4. Respondent Haugh agrees to a fine of \$2,500 in accordance with Section 11.E(4) for violations of Sections 8.E(1)(e)(iv) and 8.E(1)(g) of the Illinois Securities Law of 1953, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1500161 within 20 days of this Order.
5. Respondents PTI and Haugh agree that PTI shall adopt written supervisory procedures requiring the verification of all the customers' information on any request form received by PTI before acting on any and all letters of authorization ("LOA"), transfer requests, account withdrawals, and account closings. This shall be completed by making sure all information on any request forms matches the customer information on file with Respondent PTI.
6. Respondents PTI and Haugh agree that PTI shall adopt written supervisory procedures requiring any and all letters of authorization ("LOA"), transfer requests, account withdrawals, and account closings received via email or fax be

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verified by other means of how it was received. This shall be completed by adopting procedures which require customer outreach via telephone, using telephone numbers currently on file with the firm, and to have other safe guards in place so that the firm has a reasonable basis to believe that this is the actual customer making the request.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. **PTI Securities & Futures L.P. SHALL** be censured.
2. **PTI Securities & Futures L.P. is FINED \$2,500**, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1500161 within 20 days of this Order.
3. **PTI Securities & Futures L.P. SHALL** adopt written supervisory procedures requiring the verification of all the customers' information on any request form received by PTI before acting on any and all letters of authorization ("LOA"), transfer requests, account withdrawals, and account closings. This shall be completed by making sure all information on any request forms matches the customer information on file with Respondent PTI.
4. **PTI Securities & Futures L.P. SHALL** adopt written supervisory procedures requiring any and all letters of authorization ("LOA"), transfer requests, account withdrawals, and account closings received via email or fax be verified by other means of how it was received. This shall be completed by adopting procedures which require customer outreach via telephone, using telephone numbers currently on file with the firm, and to have other safe guards in place so that the firm has a reasonable basis to believe that this is the actual customer making the request.
5. **Daniel John Haugh SHALL** be censured.
6. **Daniel John Haugh is FINED \$2,500**, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1500161 within 20 days of this Order.

The Notice of Hearing dated January 29, 2016, will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order.

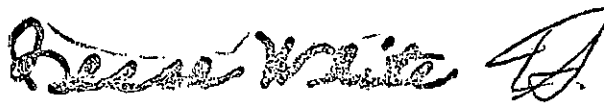
The entry of this Consent Order ends the Secretary of State, Securities Department's formal hearing of this matter.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

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NOTICE: Failure to comply with the terms of this Order shall be a violation of 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.

Date of Mailing: This 2nd day of May, 2017.

A handwritten signature in black ink, appearing to read "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

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