

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

IN THE MATTER OF:)	
)	
DANIEL STEWART, an individual.)	File No. 1800665
)	
)	

CONSENT ORDER AND FINE

TO THE RESPONDENT: Daniel Stewart
321 South Douglas Avenue
Springfield, IL 62704

WHEREAS, Daniel Stewart on the 26th day of July, 2019 executed a certain Stipulation to enter Consent Order and Fine ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Daniel Stewart submits to the jurisdiction of the Illinois Secretary of State, Securities Department, and has consented to the entry of this Consent Order and Fine.

WHEREAS, by means of the stipulation, Respondent Daniel Stewart neither admits nor denies the following Findings of Facts contained in this Order:

The grounds for such proposed actions are as follows:

1. Respondent Daniel Stewart ("Stewart") is an Illinois resident, and has the last known address 321 South Douglas Avenue, Springfield, IL 62704. Respondent Daniel Stewart has been registered as a Broker Dealer Salesperson in the State of Illinois since 1999, and has been registered as an Investment Adviser Representative ("IAR") since at least 2011.
2. Respondent Stewart was registered in both capacities with Cetera Advisor Networks, LLC ("Cetera") between March 2011 and October 2018. Since October 2018, Respondent Stewart has been registered in both capacities with LPL Financial, LLC ("LPL").

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3. Sometime in late 2017 early 2018, D.E. an Illinois registered salesperson and IAR approached Cetera and Respondent Stewart and discussed transferring his clients to Cetera and forming a partnership with Respondent Stewart and splitting the commissions.
4. D.E. became registered with Cetera as a salesperson and IAR in January 2018.
5. Thereafter, Respondent Stewart drafted a letter dated 3-20-18. The letter was intended as an introduction to D.E.'s clients acknowledging the partnership between himself and Respondent Stewart.
6. Respondent Stewart emailed the above mentioned letter to D.E. on 4-3-18. However, on April 5, 2018, D.E. called Respondent Stewart and informed him that due to health reasons he was not comfortable sending the letter out to his clients.
7. D.E. informed Respondent Stewart that he was looking to sell the practice to Respondent Stewart, and not continue on with his securities license. It was mutually agreed not to send the letter out to D.E.'s clients and instead draft a contract for Respondent Stewart to purchase D.E.'s practice.
8. An Agreement of Purchase and Sale was drafted on May 29, 2018, and executed by the parties on June 5, 2018, whereby D.E. transferred his list of clients to Respondent Stewart in return for the agreed upon price.
9. D.E. resigned from Cetera on June 11, 2018 and his registration as an investment adviser representative in the State of Illinois was effectively terminated.
10. On June 13, 2018 Respondent Stewart requested that D.E. send out the original introduction letter that was dated 3/20/2018. D.E. rejected the letter because it mentioned that he was partnering with Respondent Stewart and employed by Cetera which were both inaccurate at that time.
11. Over the next few months, several conversations occurred between D.E. and Respondent Stewart regarding D.E.'s former clients and discussions about revising and sending out the March 2018 letter to D. E.'s former clients. However no agreement or letter was drafted.
12. On October 1, 2018, Respondent Stewart arrived at D.E.'s office and informed D.E.'s secretary that D.E. had approved the letter and to send it out to his former clients on Cetera letterhead, as if it were sent from D.E. D.E. maintains he never gave any such approval to have the letter sent out.
13. The letter dated October 1, 2018 on Cetera letterhead was the exact same letter from March 2018, and stated that D.E. had partnered with Respondent Stewart and inferred that D.E. would still be involved in the account management under Cetera.

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14. Both these statements were false and misleading as D.E. had sold his practice to Respondent Stewart and was no longer a registered investment adviser representative and would have no involvement in the handling of the accounts.
15. Section 12.H of the Act states *inter alia* that it shall be a violation of this Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
16. By virtue of the foregoing, Respondent Stewart has violated Section 12.H of the Act.

CONCLUSIONS OF LAW

By means of Stipulation, Respondent Daniel Stewart neither admits nor denies the facts alleged in this Consent Order. Respondent Daniel Stewart submits to the jurisdiction of the Secretary of State. Nothing herein shall constitute an admission of fact or law by any party. The following shall be adopted as the Secretary of State's Conclusions of Law:

1. Respondent Daniel Stewart has violated Section 12.H of the Illinois Securities Act of 1953.

UNDERTAKINGS

WHEREAS, by means of the Stipulation, Daniel Stewart has acknowledged and agreed to the following:

1. Respondent Daniel Stewart agrees to a fine of \$1,000 in accordance with Section 11.E(4) for violations of Section 12.H of the Illinois Securities Act 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 # 1800665 within 10 days of this Order.
2. Respondent Daniel Stewart agrees to draft and issue a retraction letter within 10 days of this Order informing clients that he purchased D.E.'s book of business on June 11, 2018, has not partnered with D.E., inform clients that D.E. has had no involvement in the management of their accounts since June 11, 2018.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. **Daniel Stewart** is FINED \$1,000, 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 # 1800665 within 10 days of this Order.
2. **Daniel Stewart** SHALL draft and issue a retraction letter within 10 days of this Order informing clients that he purchased D.E.'s book of business on June 11, 2018, has not partnered with D.E., inform clients that D.E. has had no involvement in the management of their accounts since June 11, 2018.

The Notice of Hearing dated August 2, 2019, is dismissed.

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

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.

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.

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

Date of Mailing: This 2nd day of August, 2019.

A handwritten signature in black ink that reads "Jesse White". The signature is written in a cursive style and is positioned above a horizontal line.

JESSE WHITE
Secretary of State
State of Illinois

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