

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: THOMAS H. THORP

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) No. 0100612  
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NOTICE OF HEARING

TO THE RESPONDENT: Thomas H. Thorp (CRD# 2745965)  
521 W. Merle Lane  
Peoria, Illinois 61604

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1], et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 520 South Second Street, Suite 200 Springfield, Illinois 62701 on the 18<sup>th</sup> day of February, 2004, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order should be entered which revokes the investment adviser representative registration of Thomas H. Thorp (the "Respondent") in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount of \$10,000 pursuant to Section 11.E.4 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

Count I (Section 8.E.1 (k))

1. That at all times relevant, the Respondent was registered as an investment adviser representative for Lincoln Investment Planning, Inc. (a registered investment adviser in the State of Illinois) pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act");
2. That Respondent's registration for investment adviser representative was withdrawn on December 26, 2001;

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3. That on January 11, 2002, the Illinois Secretary of State issued an Order of Prohibition against the Respondent, prohibiting the Respondent from selling or offering securities in or from the State of Illinois or from engaging in the business of rendering investment advice as an investment adviser or investment adviser representative in or from the State of Illinois, in that Respondent offered or sold securities in the State of Illinois while failing to register said securities in violation of section 12.A and 12.D of the Act;
4. That Section 8.E.1(k) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that an investment adviser representative has had any order entered against him or her after notice of hearing by a securities agency of any state arising from a practice in violation of any statute, rule or regulation administered or promulgated by the agency;
5. That Section 8.E(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective;
6. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative registration in the State of Illinois pursuant to the authority provided under Section 8.E.1(k) of the Act.

Count II (Section 8.E.1(b))

- 1-2. Paragraphs 1-2 of Count I is re-alleged and incorporated as Paragraphs 1-2 of this Count II;
3. That on March 13, 2003, in the United States District Court for the Central District of Illinois, Peoria Division, the Respondent entered into a plea agreement regarding Case No. 03-10021 styled "United States of America v. Thomas H. Thorp". Paragraph 4 of the aforesaid agreement states, in pertinent part, the "the defendant will plead guilty to the information, in which the defendant is charged with Mail Fraud, in violation of Title 18, United States Code, Section 1341";

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4. That on March 13, 2003, Respondent pleaded guilty to the aforementioned Information, said guilty plea was accepted by Judge Joe B. McDade of the U.S. District Court, Central District, and a judgment of conviction was entered;
5. That the pertinent elements of the charge of Mail Fraud, as stated in Paragraph 5 of the aforesaid plea agreement, are as follows:
  - a. That the defendant knowingly devised a scheme to defraud and to obtain money by means of false pretenses, representations, and promises as described in the Information;
  - b. That the defendant did so knowingly and with the intent to defraud;
  - c. That for the purpose of carrying out the scheme or attempting to do so, the defendant used or caused to be used the United States mail in the manner charged in the Information.
6. That the aforementioned Information alleges as follows:
  - a. Thomas H. Thorp owned and operated Thorp Financial Services and Tom Thorp and Associates in Peoria and East Peoria, Illinois;
  - b. Thomas H. Thorp was registered with the Security Department of the Illinois Secretary of State's Office to sell securities;
  - c. As a securities broker, Thomas H. Thorp sold Internal Revenue Code ("IRC") 403(b) variable tax-sheltered annuities to school teachers;
  - d. Beginning in approximately January, 1998, and continuing to in or about November 2001, Thomas H. Thorp knowingly devised and participated in a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises as follows:
    - 1) Thomas H. Thorp made representations to his clients that he could guarantee higher rates of return on the money his clients currently had in their respective IRC 403(b) tax sheltered annuities ("annuities") when he knew he could not guarantee said rate of return;

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- 2) Thomas H. Thorp induced his clients to take loans out against the corpus of their respective annuities and turn that money over to him with the promises that he could guarantee his clients a 10% rate of return over a period of 6 months when he knew he could not guarantee said rate of return;
  - 3) Thomas H. Thorp induced his clients to take out loans against the corpus of their respective annuities with promises that their money would be safe and risk free because the clients would be named as beneficiaries on the life insurance policy of Thomas H. Thorp and with promises that Tom Thorp and Associates guaranteed their money with funds received from the sale of an insurance business, when Mr. Thorp knew that said clients were not named as beneficiaries and that Tom Thorp and Associates did not have sufficient funds to guarantee coverage for the money so provided to him by his clients;
  - 4) Thomas H. Thorp caused the signatures of his clients to be forged to applications for loans with the Northern Life Insurance Company against the corpus of his client's annuities, and caused the signatures of his clients to be forged to Northern Life Insurance checks issued to his clients;
  - 5) Thomas H. Thorp used client funds to repay other clients and otherwise for his own personal use while assuring his clients that their money would be repaid.
7. That Section 8.E.1(b) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment advisor representative has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice;
  8. That Section 8.E(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective;

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9. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(b) of the Act.

Count III (Section 8.E.1(c))

- 1-6. Paragraphs 1 through 5 of Count II are re-alleged and incorporated as Paragraphs 1-5 of this Count III;
7. That Section 8.E.1(c) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investor adviser representative may be suspended or revoked if the Secretary of State finds that the salesperson has failed to account for any money or property;
8. That Section 8.E(3) of the Act provides, inter alia, that if no proceeding is pending or instituted and withdrawal becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within two years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective;
9. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(c) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer, special appearance or other responsive pleading to the allegations outlined above within thirty days of the receipt of this notice. A failure to file an answer, special appearance or other responsive pleading within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any respondent has upon due notice moved for and obtained a continuance.


A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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

Dated this 18<sup>th</sup> day of December, 2003.

  
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JESSE WHITE  
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State of Illinois

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