

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTTTER OF: RICHARD D. CARTER

FILE NO. 0600133

ORDER OF REVOCATION

TO THE RESPONDENT: Richard D. Carter
21521 Goldfinch Court
Kildeer, Illinois 60047

WHEREAS, the above-captioned matter came to be heard on May 9, 2006, pursuant to the Notice of Hearing dated March 21, 2006, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, George P. Berbas, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with the Amended Notice of Hearing on March 28, 2006
2. Respondent failed to appear either by himself or through his attorney at the hearing on May 9, 2006, and also failed to respond or otherwise answer to the allegations in the complaint.
3. Due notice having been given to the Respondent, and Respondent having failed to appear, the Department was allowed to proceed to a Default Hearing.

4. Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act, until June 3, 2004
5. On December 28, 2005, NASD entered a decision regarding Complaint #E8A2004064504, which barred Respondent from association in any capacity with any member of the NASD. The decision found:
 - a. Respondent was subject to a written heightened supervision plan between approximately August 24, 2003, and the date of the termination of his registration with the Member. The heightened supervision plan provided, among other things, that the Member's Regional Compliance Officer, Branch Manager, or other designee may contact any of Carter's clients to determine if the client was satisfied with the service rendered. The heightened supervision plan also provided that the Member might verify customer authorization of all orders placed by Carter if the Member deems the trading activity to involve transactions that were high-risk in nature.
 - b. From approximately August 2003 through February 2004, Respondent circumvented the heightened supervision plan described above by falsely representing that Daniel L. Eschrich, another representative registered with the Member and Carter's brother-in-law, was the representative on customer accounts of the Member and falsely reporting that Eschrich was the representative effecting trades in the customer accounts, when in fact, Respondent was the representative on the customer accounts and the one effecting trades in the accounts. The above acts, practices, and conduct constituted a violation of NASD Conduct Rules 2110 and 3110.
 - c. Respondent falsely representing that Eschrich was the representative on customer accounts of the Member and falsely reported that Eschrich was the representative effecting trades in the customer accounts, when in fact, Respondent was the representative on the customer accounts and the one effecting trades in the accounts. This conduct caused the Member's books and records to be inaccurate in violation of SEC Rule 17a-3 and NASD Conduct Rule 3110.
6. NASD is a self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act.
7. Respondent's suspension by NASD arose out of conduct deemed to be a fraudulent or deceptive act or a practice in violation of a rule, regulation, or standard of the NASD, namely NASD conduct Rules 2110 and 3110.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

- (1) The Department properly served the Notice of Hearing on Respondent on March 28, 2006.
- (2) The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
- (3) Respondent failed to answer or otherwise appear at the hearing in accordance with Section 130.1104, therefore,
 - a. The allegations contained in the amended notice of hearing and complaint are deemed admitted;
 - b. Respondent waived his right to a hearing.
 - c. Respondent is subject to an order of Default.
- (4) On December 28, 2005, NASD entered a decision regarding Complaint #E8A2004064504, which barred Respondent from association in any capacity with any member of the NASD. Section 8.E(1)(j) of the Illinois Securities Law provides, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation, or standard duly promulgated by the self-regulatory organization.
- (5) Section 8.E(3) of the Act provides that withdrawal of an application for registration or withdrawal from registration of a salesperson, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically 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) The Department proved the allegations contained in the complaint in the Default prove-up hearing on May 9, 2006.

WHEREAS, the Hearing Officer recommended that the Secretary of State should revoke the Respondent's registration as a salesperson in the State of Illinois effective June 3, 2004, and the Secretary of State adopts in its entirety the Recommendation made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Richard D. Carter's registration as a salesperson in the State of Illinois is **REVOKED** effective June 3, 2004, pursuant to the authority provided under Section 8.E(1)(j) of the Act.
2. That this matter is concluded without further proceedings.

ENTERED: This 28th day of July 2006.


JESSE WHITE
Secretary of State
State of Illinois

This is a final order subject to administrative 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. 1 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.