



## Order of Revocation

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4. At all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act until January 4, 2005.
5. On February 2, 2005, NASD entered Order accepting Offer Of Settlement (Order) submitted by the Respondent regarding Disciplinary Proceeding NO. 2005000118401 which barred him from association in any capacity with any member of the NASD.
6. The NASD Order found:
  - a. On or about March 1, 2004, the Respondent received \$200 from customer P.S. for the purchase of insurance. The Respondent did not apply the funds as directed by P.S. Instead, without the knowledge or consent of P.S., the Respondent used the funds to pay his office expenses.
  - b. On or about July 14, 2004, the Respondent received \$130 from customer P.S. for the purchase of insurance. The Respondent did not apply the funds as directed by P.S. Instead, without the knowledge or consent of P.S., the Respondent used the funds to pay his office expenses.
  - c. On or about September 13, 2004, the Respondent received \$85 from customer L.F. for the purchase of insurance. The Respondent did not apply the funds as directed by L.F. Instead, without the knowledge or consent of L.F., the Respondent used the funds to pay his office expenses.
  - d. On or about September 13, 2004, the Respondent received \$500 from customer J.R. for the purchase of insurance. The Respondent did not apply the funds as directed by J.R. Instead, without the knowledge or consent of J.R., the Respondent used the funds to pay his office expenses.
  - e. On or about November 15, 2004, the Respondent received \$300 from customer L.B. for the purchase of insurance. The Respondent did not apply the funds as directed by L.B. Instead, without the knowledge or consent of L.B., the Respondent used the funds to pay his office expenses.
  - f. The acts, practices and conduct above constitute separate and distinct violations of NASD Conduct Rule 2110 by the Respondent.

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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 April 13, 2006.
2. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
3. Because of Respondent's failure to timely file an answer, a special appearance or other responsive pleading in accordance with Section 130.1104:
  - (a) The allegations contained in the Notice of Hearing are deemed admitted;
  - (b) Respondent waived his right to a Hearing;
  - (c) Respondent is subject to an Order of Default.
4. Respondent appeared at the Hearing, and therefore is not subject to a finding of default and recommendation that an order of default be entered pursuant to Section 130.1109.
5. 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.
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 Rule 2110.

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8. 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.
9. By virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation or suspension pursuant to Section 8.E (1)(j) and 8E(3) of the Act, effective January 4, 2005.

WHEREAS, the Hearing Officer recommended that the Secretary of State should revoke the Respondent's registration as a salesperson in the State of Illinois, 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. Russell Palermo's registration as a salesperson in the State of Illinois is **REVOKED** pursuant to the authority provided under Sections 8.E(1)(j) and 8.E.(3) of the Act, effective January 4, 2005.
2. This matter is concluded without further proceedings.

DATED: ENTERED This 26<sup>th</sup> day of June 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.