

# SECURITIES

WINTER 2006

*bulletin*



Beware of individuals invoking the name of God to lure you into risky investments. The story on James Upshaw and how he defrauded his victims is not unique. Over the years, many con artists in Illinois have been sent to jail for using religion to steal from innocent church members and even church leaders.

Cloaking an investment in religion gives a false sense of safety. People are willing to give money to fellow church members because they believe that those fellow members can be trusted. As the Upshaw case demonstrates, that is not always true.

Consumers can protect themselves from affinity fraud by heeding warning signs. Con artists who use religion in their schemes often predict imminent financial or social crisis, claiming they will reinvest a portion of their profits in worthy causes. They equate faith in their scam to religious faith. Scammers often persuade church members not to report the scheme to authorities and to have faith that they will get their money back.

As with any other investment, please check the facts before investing. Has the seller provided written information that explains the investment, and do the statements in the material check out? Is the seller registered with the Illinois Securities Department? Call the Securities Department at 800-628-7937 before you invest. One simple call could save you a lifetime of savings.



*Jesse White*

**Jesse White**  
Secretary of State

## Investment "preacher" sentenced to prison

A Chicago-area man who used his religious ties with pastors and fellow church members to snare 144 victims in nine states with promises of big investment returns has been sentenced to 7 1/2 years in prison.

Holding himself out as a preacher, praying during presentations and implying that his investment decisions were communicated to him by God, James E. Upshaw of Oak Park duped his victims into investing \$6.5 million with him between 2001 and 2004. Only about \$80,000 of the \$6.5 million actually was invested. Upshaw paid early investors using money from new investors, a classic pyramid scheme. However, his failure to invest the money and his lavish lifestyle eventually caught up with him and his checks to investors started bouncing.

Upshaw operated Upshaw and Associates, LLC, in Westchester, which provided tax return preparation, consultation services and, after 2001, investment advice. He would pitch one of several purported investment vehicles to unwitting victims, including investments in commodities, commercial paper and silver and gold.

"This case shows how important it is to research investments and the people selling them, no matter who they are," said Secretary of State Jesse White. "Unfortunately, this man used his position in the church to defraud people who trusted him."

The case was originally referred to the Attorney General's office by Secretary of State Jesse White's Securities Department. The Attorney General's office separated the multiple felony charges into two different indictments because one of the cases involved Upshaw promising to represent a victim in a tax matter Attorney General Lisa Madigan was involved in with the Internal Revenue Service, which was different from his other crimes. In that case, Upshaw failed to provide the woman with the representation, and also stole the money she gave him to pay the IRS.

While the Attorney General's office is seeking restitution for investors, at this time there are no known assets with which to repay victims the roughly \$3 million they are owed. In a civil case last year, the federal Securities and Exchange Commission seized Upshaw's home and other assets.

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# FAQ

## Internet and E-mail Scams

**Q** Recently I received an e-mail from an unknown address that seemed to be selling stock. The stock looked impressive and promised high returns. Am I on to a “good thing,” and how did they find me?

**A** **Buyer Beware!** You have been solicited by a scammer. Scams are everywhere on the Internet and many appear legitimate. Following are some things to look for:

- Was the e-mail unsolicited? An unsolicited offer means it came out of the blue; you had no knowledge of the salesperson or the firm. Sometimes these e-mails appear to be “mistakes” — supposedly sent to another person but you were lucky enough to get a copy because of “some glitch.” Don't be fooled! The scammers want you to think this is insider information so you will act on it without looking into it.

- Does the e-mail promise high returns in a short time? This is the “hook” of a scam artist — quick money fast. Many e-mails will point to past performance of another unknown stock to show how well it did. Following is an example of commonly used language in the solicitations:

*Winning Stock Institutional Report*

*Stock Symbol: XXXX Stock Price: .30 a share and growing fast!*

*“We think a major move in share price is going to take place within days. This company is growing at 30 percent a month.*

*Now That's Growth.”*

- Did you read the fine print? Some e-mails contain necessary disclosure information to avoid violation of SEC laws and regulations. The scammer is counting on you not reading the very small print at the bottom of the e-mail. If you see the words “highly speculative,” use extreme caution.
- Is the person making the offer using an alias or did a name not show up in the From line in the e-mail? Legitimate brokers and salespeople want you to be able to identify them. Anyone who tries to hide behind an Internet handle or fails to give his or her name should make you very wary.
- Is the person making the offer registered with the Illinois Securities Department? Call the department's toll-free number at 800-628-7937. If the person's name does not show up on the database, avoid the offer.

## Calling all Senior Centers

The Securities Department offers presentations to senior citizen groups on investment fraud and protection and a variety of securities issues. Presentations include a video highlighting and how to avoid prevalent scams and schemes. The presentations last up to 60 minutes and can be incorporated into existing meetings. Presentations are free to senior centers and other civic groups, and participants will receive a copy of the booklet, *Investment Guide for Illinois Consumers*.

For more information or schedule a presentation, call the Securities Department at 800-628-7937 and ask for the Investor Education and Protection Section.

## Troops Against Predatory Scams

The Illinois Securities Department will soon be adopting a California program to protect members of our armed forces and their families from being preyed upon by con artists. An unfortunate result of the increased visibility of our military personnel has resulted in many young people and their families falling victim to scams and theft.

Troops Against Predatory Scams (TAPS) brings information and resources to the military about financial fraud and ways to avoid and report it. The program will use existing resources and has been very successful in California in combating financial abuse of our service men and women.

**TAPS**  
TROOPS AGAINST PREDATORY SCAMS

**Illinois Securities  
Department**

**800-628-7937**

**888-231-1175** (Spanish line)

# Enforcement Administrative Orders

## Order of Cancellation

MBROKER, INC. (B/D#: 127438)  
460 Park Ave. South, Ste. 1101  
New York, NY 10016

## Consent Order

Bikini Vending, Inc.  
A/K/A 360 Wireless, Inc. and  
Network Services Depot, Inc.  
and Charles V. Castro  
Edward Bevilacqua  
James Murdock  
C/O James Murdock  
1681 Knox Rd. 1550N  
Dahinda, IL 61428

Preferred Properties, Inc./REIT  
and Lane Investment Group, LLC  
C/O Jimmy D. Ln.  
Lane Investment Group, LLC  
1144 E. Crueger Rd.  
Washington, IL 61571

Waddell & Reed, Inc. (CRD #866)  
6300 Lamar Ave.  
Overland Park, KS 66202

Greg Epley  
205 Church St.  
Homer, IL 61849

Berwick Black Cattle Company,  
Source of Champions  
C/O Mark Ray  
200 North Monroe St.  
Abingdon, IL 61410

## Summary Order to Cease and Desist

Vending Dreams and  
Steven Mills, Jim Ellis, Major Itule,  
Bob Dillion & Susan Davis  
C/O Vending Dreams  
9994 N. Firebaugh St.  
Stoy, IL 62464  
and  
Vending Dreams  
306 E. Main St.  
Oblong, IL 62449

## Consent Order of Dismissal

Martin W. Prinz (CRD #1330601)  
1780 N. Kimball Ave.  
Southlake, TX 76092

## Order of Prohibition

Chemport, LLC  
C/O Ted Guebort  
5163 Percy Rd.  
Percy, IL 62272

Mark A. Przenieslo  
DBA Map Enterprises and Assoc.  
1563 Quaker Ln.  
Mt. Prospect, IL 60070

Adam G. Kruger  
60 E. Beech, Unit 224  
Schaumburg, IL 60194

Kruger, Miller and Tummillo, Inc.  
301 Jennifer Ln.  
Roselle, IL 60172

Paul B. Litwicki  
1651 Canyon Run Rd.  
Naperville, IL 60565

Edward L. Sensor  
1908 21st Ave.  
Sterling, IL 61081  
and  
2404 16th Ave.  
Sterling, IL 61081

Boggie Hanczarukharlow  
A/K/A Boggie Harlow  
1250 SW Starlite Cove  
Port St. Lucie, FL 34896

Victoria Bernal, Ltd.  
4236 Highland Ave.  
Downers Grove, IL 60515

Joseph Domino  
9672 Bennington Dr.  
Huntley, IL 60142

Century Financial, Inc.  
1001 SW 96th Ave.  
Pembroke Pines, FL 33025

Demondo S. Thomas  
2116 S. Foster  
Evanston, IL 60201

James E. Casmay  
1456 S. Halsted St.  
Chicago, IL 60607

CheckMate Financial, Inc.  
C/O Chester Potash and Carlo Bini  
CheckMate Financial, Inc.  
14808 NW 7th Ave.  
Miami, FL 33169

ISPE 500/Bill Murray  
2410 B S. Alpine  
Rockford, IL 61108  
and  
5411 E. State  
Rockford, IL 61108

Atty F. Biswese/Biswese & Assoc.  
40 E. Roosevelt Rd., Unit 305  
Chicago, IL 60605

Bryan E. Muller (CRD #2449729)  
1683 Washington Ave. Seaford  
New York, NY 11783

Millennium Associates,  
Wall Street Direct, Inc.  
C/O Peter Hare and George Holmes  
Millennium Associates  
7100 W. Camino Real, Ste. 401  
Boca Raton, FL 33433

Bikini Vending, Inc.  
AKA 360 Wireless, Inc.  
and  
Network Services Depot, Inc.  
and  
Charles V. Castro  
Edward Bevilacqua  
James Murdock  
C/O Bikini Vending, Inc./360  
Wireless  
1370 San Marcos Blvd.  
San Marcos, CA 92069

## Order of Prohibition and Fine

Austin Medical Imaging, LP  
Body Scan Imaging Centers, LLC  
Cardiac Imaging, LLC  
Las Vegas West Medical Imaging, LP  
Medical Imaging, LLC  
NewsScan Imaging Unit Investment  
Trust  
6 Venture, Ste.100  
Irvine, CA 92618

William Edgar Sharp (CRD #4481811)  
5226 Capo Bella  
Aliso Viejo, CA 92656

## Consent Order of Revocation

Danny R. Talbott (CRD #1336628)  
1636 W. Marlene St.  
Peoria, IL 61614

Mary Beth Ann Johnson  
(CRD #1171598)  
124 Park St., P.O. Box 167  
Oswego, IL 60543

Scott K. Fischer (CRD #2486473)  
2951 Banbury Ln.  
Lake in the Hills, IL 60156

## Order of Revocation

Shawn William Sorrells  
(CRD #2845916)  
13353 Bellshire Ln.  
Westfield, IN 46074

Anthony G. Peterson (CRD #1902189)  
3201 Country Bend Ln.  
Champaign, IL 61822

## Consent Order of Suspension

James E. Bey (CRD #1933696)  
19 S. Huffman St.  
Naperville, IL 60540

## Consent Order of Censure and Fine

John H. Herzog (CRD #1515035)  
17213 Pointe Dr.  
Orland Park, IL 60467

## Consent Order of Fine

Manarin Securities Corporation  
(CRD #37611)  
15858 W. Dodge Rd., Ste. 310  
Omaha, NE 68118

## Consent Order of Withdrawal

Nicholas S. Sawva (CRD #2694578)  
79 Mobrey Ln.  
Smithtown, NY 11209

David S. Miller (CRD #334607)  
2124 Oakcrest Dr.  
Liberty, MO 64068

## Consent Order of Withdrawal of Application

Christopher F. Veale (CRD #2536489)  
354 E. 91 St., Apt. 2005  
New York, NY 10128

## Order of Denial

Frank Porporino, Jr. (CRD #3185329)  
550 Bloomfield Ave., Apt. 31  
Caldwell, NJ 07006

Georgios Manou (CRD #4240321)  
129 Harpington Dr.  
Rochester, NY 14624

## Summary Order of Denial

Nicolas Arango (CRD #2851934)  
585 Park Ave.  
Long Beach, NY 11561

Christopher F. Veale (CRD #2536489)  
354 E. 91 St., Apt. 2005  
New York, NY 10128

Georgios Manou (CRD #4240321)  
129 Harpington Dr.  
Rochester, NY 14624

Manarin Securities Corporation  
(CRD #37611)  
15858 W. Dodge Rd., Ste. 310  
Omaha, NE 68118

Bryan E. Muller (CRD #2449729)  
1683 Washington Ave.  
Seaford, NY 11783

ASG Securities, Inc. (B/D# 44534)  
50 N.E. 26th Ave., Ste. 201  
Pompano Beach, FL 33062

Rodolfo Hernandez, Jr.  
(CRD #2818510)  
1 Stacy Ct.  
Jackson, NJ 08527

Tony Gannacone III (CRD #2743859)  
525 W. Oakdale St.  
Chicago, IL 60601

Quentin G. Bischoff (CRD #1336976)  
14616 Village Glen Circle  
Tampa, FL 33618

James R. Pecoraro (CRD #2440231)  
63 The Glen  
Glen Head, NY 11542

## CRD at a Glance keeps firms up to date

The Central Registration Depository (CRD) system is the secure registration and licensing system utilized by securities regulators and entitled industry users. Launched in 1981, the system was a joint project developed by the North American Securities Administrators Association (NASAA) and NASD. The Securities Department encourages all regulated firms to maintain current information regarding the functionality of the CRD system.

Two online resources may benefit users who have questions regarding the system. *CRD at a Glance* is a concise, nine-page summary of many key aspects of the system, including access and entitlement information, online publications and other related information. A copy of *CRD at a Glance* is available at the NASD Web site at [www.nasd.com](http://www.nasd.com).

Another resource, the current edition of the *CRD Users Manual*, also is available from the Web site. Together, these resources can help your firm remain up to date concerning use of the CRD system.

## Renewals hit record levels for 2006

A record level of renewals for calendar year 2006 for broker/dealer and investment adviser (state and federal covered) filings was reported with the Illinois Securities Department. The three-year trend for renewals is detailed below. Renewal revenues for these categories totaled \$24.3 million, \$24.9 and \$25.8 for calendar years 2004, 2005 and 2006, respectively. The Securities Department is one of the largest processors of registration filings of any state securities regulators in the nation.

<b>Renewals</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Broker/Dealers	2,511	2,540	2,562
Salespersons	136,023	138,954	142,923
Investment Advisers	1,934	2,069	2,214
Investment Adviser Representatives	11,023	12,030	13,510