

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

**IN THE MATTER OF: FROST BROKERAGE
SERVICES, INC.**

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FILE NO. 0400530

CONSENT ORDER OF DISMISSAL

TO THE RESPONDENT:

Frost Brokerage Services, Inc.
(B/D #: 17465)
100 W. Houston Street
San Antonio, Texas 78299

C/o Donald S. Weiss
Attorney at Law
Bell, Boyd & Lloyd LLC
70 West Madison Street
Suite 3100
Chicago, Illinois 60602

WHEREAS, Respondent on the 20th day of January 2005 executed a certain Stipulation to Enter Consent Order of Dismissal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated January 7, 2005, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Dismissal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That on August 3, 2004 the Respondent filed a Form U-4 application for registration as a dealer in the State of Illinois.

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2. That on November 3, 2004, a Summary Order of Denial (the "Order") was issued by the Secretary of State denying this application. Pursuant to the terms of the Order, the Respondent requested a hearing on November 24, 2004.
3. That the Respondent is a corporation which engages in the business of acting as a dealer in the offer and sale of securities to the general public.
4. That from April, 1996 through April, 1997, the Respondent effected an aggregate of ten (10) transactions in five separate (5) accounts held by Diverse Illinois residents.
5. That Section 8.A of the Act provides, in pertinent part, except as otherwise provided, every dealer shall be registered as such with the Secretary of State.
6. That the activity described in paragraphs 3-4 above constitutes the activity of a dealer as defined in Section 2.7 of the Act.
7. That during all relevant times, the Respondent was not registered with the Secretary of State as a dealer pursuant to Section 8 of the Act.
8. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
9. That Section 12.C of the Act provides, *inter alia*, that it is a violation of the provisions of the Act for any person to act as a dealer, unless registered as such where such registration is required under the provisions of the Act.
10. That by virtue of the foregoing, the Respondent has committed a violation of Sections 12.A and 12.C of the Act.
11. That Section 8.E(1)(g) of the Act provides that the registration of a dealer may be denied if it has violated any of the provisions of the Act.
12. That by virtue of the foregoing, the Respondent's registration as a dealer in the State of Illinois is subject to denial pursuant to Section 8.E(1)(g) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

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That by virtue of the foregoing, the Respondent's registration as a dealer in the State of Illinois is subject to denial pursuant to Section 8.E(1)(g) of the Act.


WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that it shall pay the sum of Two Thousand dollars (\$2,000.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Frost Brokerage Services, Inc. shall pay the sum of Two Thousand dollars (\$2,000.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.
2. The Notice of Hearing date January 7, 2005 is dismissed.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 3/st day of January 2005.



JESSE WHITE
Secretary of State
State of Illinois