

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: LAWRENCE M. LABINE

FILE NO. 0500674

**CONSENT ORDER OF WITHDRAWAL**

TO THE RESPONDENT: Lawrence M. Labine  
(CRD#: 1279935)  
10483 E. Corrine Drive  
Scottsdale, Arizona 85259

C/o Associated Securities Corp  
222 N. Sepulveda Blvd. 18<sup>th</sup> Floor,  
El Segundo, California 90245

C/o Paul J. Roshka Roshka,  
Dewulf & Patten PLC  
Attorneys At Law  
One Arizona Center  
400 East Van Buren Street Suite 800  
Phoenix, Arizona 85004

WHEREAS, Respondent on the 6th day of March 2007 executed a certain Stipulation to Enter Consent Order of Withdrawal (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 October 26, 2006 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("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:

Consent Order of Withdrawal

2

1. That 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.
2. That on November 22, 2005 NASD entered Order Accepting Offer Of Settlement submitted by the Respondent (Order) regarding Disciplinary Proceeding No. C3A040045, which sanctioned the Respondent as follows:
  - a. Suspended from registration with any member in any capacity for a period of 15 business days;
  - b. Fined \$25,000; and
  - c. Required to requalify by examination, as a general securities representative, within 180 days of the date of the Offer of Settlement.
3. That the Order listed the following background information:
  - a. Shortly before the market decline of 2000, the Respondent made a series of unsuitable recommendations to five customers, which resulted in significant losses to each of the customers. All but one of the customers were retired and all needed income generated from their investments to meet their then current living expenses. Most were interested primarily in safety of principal and income with some limited growth. Moreover, most of the customers were elderly at the time of the recommendations. Nevertheless, the Respondent, in realigning customer portfolios in early 2000, recommended that the customers purchase growth and in some cases aggressive growth securities, which resulted in portfolios that were highly concentrated in equity growth securities and that had little, if any, diversification and balance. The resulting portfolios comprised securities whose investment returns moved together, exposing customers to significant risk, in the event of a stock market decline. Many of the securities recommended were the same for more than one customer.
  - b. The Respondent's recommendations were unsuitable given the financial situation, and needs of the customers. The Respondent violated NASD Conduct Rules 2310 and 2110 by making such unsuitable recommendations.
  - c. The Respondent, 43, has been registered with four member firms. He was first registered with Anchor National Financial Services, Inc. as a General Securities Representative from February 1986 until May 1992 and as a General Securities Principal from May 1989 until May 1992. From May 1992 to April 1997 he was

registered as both a General Securities Representative and Principal with SunAmerica Securities. According to the Respondent's U-5, he was required to leave SunAmerica Securities for violating internal policies and procedures. Among other things, the U-5 states the Respondent obtained blank signed forms from customers.

- d. The Respondent was subsequently registered as both a General Securities Representative and Principal with Linsco Private Ledger Corp. ("LPL") from April 1997 to July 2002. The Respondent was one of LPL's top producing brokers and an OSJ Branch Manager. On or about June 11, 2002, the Respondent was permitted to resign from LPL for failure to follow LPL Compliance Policies. According to documentation provided to NASD by LPL, LPL determined, among other things, that there were blank signed customer documents at the Respondent's branch. LPL explained that because the respondent was ultimately responsible for ensuring his office's compliance with LPL policies and procedures, LPL permitted the Respondent to resign for his office's violation of firm procedures.
  - e. The Respondent has been registered with Associated Securities Corporation as a General Securities Representative and Principal from July 2002 to the present. He is also currently registered as a registered advisor with Associated Planners Investment Advisory, Inc.
4. That the Order found: Conduct Rules 2110 and 2310, Unsuitable Recommendations by the Respondent to customers BF; DL and CL; RJ and M3; DS and NS; and RS Customer BF.
- a. Respondent became the registered representative for customer BF in or about June 1996. At that time, BF was approximately 60 years old, a widow, and had just retired. BF's annual income was approximately \$15,000 and her net worth was approximately \$250,000, which consisted of her home and approximately \$150,000 in retirement funds. BF had approximately five years of limited investment experience at the time.
  - b. BF's investment objective was safety of principal, capital gains income and retirement income. Although she would have liked some growth, BF did not want to risk her principal. BF normally withdrew funds from her LPL account every month to pay for living expenses.

- c. In or about February and March 2000, the Respondent recommended BF make changes to her investment portfolio. In or about April 2000, BF transferred to an account at LPL approximately \$150,000 worth of securities from an Individual Retirement Account that was at another firm. These assets were put into a newly opened Strategic Asset Management account (SAM Account) in order to purchase the securities the Respondent had recommended.
- d. In or about April and May 2000, the Respondent sold the securities transferred into the SAM account, (also based upon his prior recommendation) and effected in BF's account the purchase of securities, without having a reasonable basis for believing that the transactions were suitable for BF, based on the facts disclosed by BF as to her other security holdings and her financial situation and needs. Prior to the Respondent's recommendations as set forth above, BF's portfolio was more diversified, with approximately 68% in growth and the remaining percentage in lower risk income securities. After the Respondent's unsuitable recommendations, approximately 100% of BF's portfolio was invested in equity growth funds.

**Customers DL and CL ("the Ls").**

- e. Mr. DL and Mrs. CL became the Respondent's customers in or about 1993. At the time they met the Respondent, they were retired and approximately 72 and 70 years old, respectively. Their investment objectives were safety of principal and income. They had an annual income of approximately \$50,000. They relied on income from their investments, especially annuities, to assist in paying their living expenses. Their net worth in or about 1993 was approximately \$1,150,000.
- f. In or around 1998, DL's health began to deteriorate, leaving CL, who had minimal investment experience, increasingly responsible for handling their investments. DL's health continued to deteriorate until he passed away in the summer of 2001.
- g. From approximately January through March 2000, the Respondent recommended and effected in the L's account the purchase of securities.

- h. As a result of these recommendations approximately 100% of the L's portfolio was invested in equity securities and approximately 84% of that amount was invested in equity growth funds. The Respondent did not have a reasonable basis for believing that the recommended transactions were suitable for the Ls, based on the facts disclosed by them as to their other security holdings and as to their financial situation and needs.

**Customers RJ and MJ (The Js)**

- i. Dr. RJ and Mrs. MJ met the Respondent in 1998 after attending an investment seminar. At the time, Dr. RJ was approximately 72 years old and Mrs. MJ was approximately 61 years old. Both were retired. They had an annual income of approximately \$60,000 and a net worth of approximately \$1,000,000, exclusive of real estate holdings. Their investment objectives were income and safety of principal with some growth.
- j. Following their meeting with the Respondent, Dr. RJ's health deteriorated due to an existing medical condition. Therefore, Mrs. MJ (who had limited investment experience) was increasingly involved in making investment decisions.
- k. In or about February and March 2000, the Respondent recommended and effected in the J's account the purchase of certain securities. Following the Respondent's recommendations, virtually all of the J's portfolio was invested in equities with approximately 86% invested in growth or technology stock funds. The Respondent did not have a reasonable basis for believing that these recommended transactions were suitable for the Js, based on the facts disclosed by them as to their other security holdings and as to their financial situation and needs.

**Customers DS and NS (the Ss)**

- l. Mr. DS and Mrs. NS met the Respondent in 1995 when he was registered at SunAmerica Securities. At that time Mr. DS was 57 and Mrs. NS was 54. Mr. DS was retired due to disability. NS worked part time as an X-ray technician.
- m. The Ss transferred their account to LPL in 1997. The S's account objectives were safety of principal, income with safety and some growth. The Ss had an annual income of approximately \$36,000 to \$55,000 and a net worth of approximately \$700,000, exclusive of their home.

- n. In or about February and March 2000, the Respondent recommended and effected in the S's account the purchase of securities. As a result of the Respondent's recommendations, virtually the S's entire portfolio was invested in equity growth or technology funds. The Respondent did not have a reasonable basis for believing that these recommended transactions were suitable for the Ss, based on the facts disclosed by the customers as to their other security holdings and as to their financial situation and needs.

**Customer RS**

- o. Mr. RS met the respondent in 1995 while he was registered with SunAmerica. RS was retired and his wife, Mrs. DS, did not work.
- p. Mr. RS's objective as set forth in his customer questionnaire was income with safety with a low to medium risk tolerance. Mr. RS had an annual income of approximately \$80,000, and total assets available for investment of approximately \$360,000. He needed to withdraw approximately \$1,700 per month to pay the mortgage on the family's Minnesota home.
- q. From January to March 2000, the Respondent recommended and effected in RS's account the purchases of certain securities. As a result of the Respondent's recommendations, approximately 100% of RS's portfolio was invested in stock funds, with approximately 91% invested in growth securities. The Respondent did not have a reasonable basis for believing that these recommended transactions were suitable for Mr. RS, based on the facts disclosed by Mr. RS as to his other security holdings and as to his financial situation and needs.
- r. In connection with the recommendations set forth above (referring to all previously mentioned customers), the Respondent did not have a reasonable basis for believing that the recommendations were suitable for these customers based upon information provided to him about the customers' financial situation and needs, security holdings and their investment objectives and horizons.
- s. The Respondent's recommendations resulted in an over concentration of the customers' assets in growth-oriented equity investments and exposed these retired individuals to a more significant exposure to risk of loss of principal than was appropriate for these customers.

- t. This conduct comprises separate and distinct violations of Conduct Rule 2310.
  - u. The Respondent's conduct was further inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Conduct Rule 2110.
  - v. The acts, practices, and conduct outlined above, constitute violations by the Respondent of NASD Conduct Rules 2310 and 2110.
5. That Section 8.E(1)(j) of the Act provides, inter alia, 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. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) 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:

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

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of Eighteen (18) months from the entry of this Consent Order.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of One Thousand Two Hundred Fifty dollars (\$1,250.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

Consent Order of Withdrawal

8

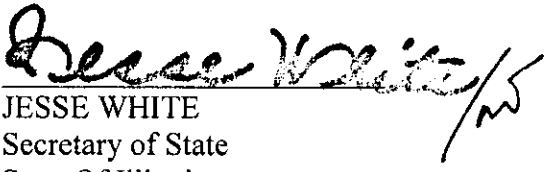
WHEREAS, by means of the Stipulation the Respondent has acknowledged and agreed that he executed a certain Affidavit which contains undertakings that he will adhere to upon entry of this Consent Order. Said Affidavit is incorporated herein and made a part hereof.

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. The Respondent shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of Eighteen (18) months from the entry of this Consent Order.
2. The Respondent is levied costs of investigation in this matter in the amount of One Thousand Two Hundred Fifty dollars (\$1,250.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on March 6, 2007 has submitted One Thousand Two Hundred Fifty dollars (\$1,250.00) in payment thereof.
3. The Respondent shall comply with all of the terms and conditions contained in his accompanying Affidavit which has been made a part of this Order.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 9<sup>th</sup> day of March 2007

  
JESSE WHITE  
Secretary of State  
State Of Illinois

**NOTICE:** Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

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 Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 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.