

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: *Stephen Walker*

) FILE NO. 0700019
)

AMENDED NOTICE OF HEARING

TO RESPONDENTS: Stephen Walker (CRD# 725558)
4412 39th Ave.
Rock Island, IL 61201

You are hereby notified that pursuant to Section 11.E of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 19th and 20th day of May, 2008, at the hour of 10:00 a.m., or as soon as possible thereafter, before James Kopecky, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered pursuant to Section 11.E of the Act prohibiting Respondent from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to 11.E(4) of the Act, payable within 10 (ten) days of the Order.

The grounds for such proposed action are as follows:

Factual Background:

Respondent Stephen Walker was a registered representative and investment adviser representative of Linsco Private Ledger Group from August 1999 to July of 2007 when Linsco terminated him in response to a Temporary Order of Prohibition issued against Stephen Walker by the Department. Prior to his termination, in 2006 Respondent Stephen Walker, through a company called Investment Trend Analytics, tacitly entered into an agreement with Aspen Exploration Inc. Aspen Exploration purports to manage and sell interests in oil wells located in Texas. The agreement entered into between Aspen Exploration and Stephen Walker provides that Stephen Walker will be compensated in exchange for services provided by Walker, which included the selling of interests in oil wells that go by the name of Rancho Blanco #5, Rancho Blanco #6 and Rancho Blanco #7 to investors.

In order to attain the commissions provided for in the Agreements entered into between Aspen Exploration and Investment Trend Analytics, between October of 2005 and January of 2007, Stephen Walker worked to exploit and betray the trust of his Linsco Private Ledger Group

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clients. Walker defrauded these clients by making misrepresentations and outlandish promises when soliciting them to purchase interests in Rancho Blanco #5, #6 and #7.

Despite being required to do so by the Illinois Securities Law, at no time did Walker disclose to the Illinois Securities Department that he was selling interests in oil wells not recorded on the books of Linsco Private Ledger Group. In fact, in order to camouflage his scheme and prevent his activities from being discovered by the Department, Walker helped form a corporation called Investment Trend Analytics and installed Michael Zuidema as its President. Through this scheme Walker had the commissions from Aspen funneled through Investment Trend Analytics rather than go directly to himself. In order to further conceal his involvement with Aspen, Walker told his Linsco clients that if they were ever questioned by Linsco about their purchases in Rancho Blanco oil wells, they were to lie and state that they made their purchases on their own and not on the advice of Walker.

COUNT I: Fraud**Failure to Disclose Material Information to Investors In Connection With the Sale of Securities**

1. Respondent, Stephen Walker (hereinafter "Respondent") has a last known address of 4412 39th Ave., Rock Island, IL 61201.
2. Respondent has been registered with the Secretary of State, Securities Department ("the Department") from August 19, 1999 to July of 2007 as an investment adviser representative, with Linsco/Private Ledger Corp., a broker-dealer located at One Beacon Street, 22nd Floor, Boston, Massachusetts 02108-3106.
3. Respondent has been registered with the Secretary of State, Securities Department as a registered salesperson from August 19, 1999 to July of 2007 with Linsco/Private Ledger Corp., a broker-dealer located at One Beacon Street, 22nd Floor, Boston, Massachusetts 02108-3106.
4. Aspen Exploration, Inc., is a Texas company with a last known address of 2901 Dallas Parkway, Suite 380, Plano, TX 75093.
5. Since October 2005, Respondent, solicited Illinois and Wisconsin Investors to purchase participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #5.
6. Since, October 2005, Respondent, sold to Illinois and Wisconsin Investors participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #5.
7. Since, April, 2006, Respondent, solicited Illinois and Wisconsin Investors to purchase participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #6.

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8. Since, April, 2006, Respondent, sold to Illinois and Wisconsin Investors participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #6.
9. Since, April, 2006, Respondent, solicited Illinois and Wisconsin Investors to purchase participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #7.
10. Since, April, 2006, Respondent, sold to Illinois and Wisconsin Investors participations in an oil and gas-drilling project initiated by Aspen Exploration, Inc., Rancho Blanco State #7.
11. Respondent's sale of the participations in the oil and gas-drilling project initiated by Aspen Exploration, Inc., to the investors were not recorded on the books of Linsco/Private Ledger Corp.
12. That Investor #1, an Illinois resident, was a Linsco Private Ledger Group client of Respondent.
13. That between, March of 2006 and October of 2006 Respondent solicited Investor #1 to purchase participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7.
14. That between, March of 2006 and October of 2006 Respondent, sold Investor #1 participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7.
15. That on September 14th 2006 a meeting (the "Meeting") was arranged by Respondent for the purpose of having Aspen Exploration's chief executive officer inform Investors in Rancho Blanco #5, #6 and #7 of a potential buy-out by a third party of their respective interests.
16. That Respondent was present throughout the entire Meeting on September 14th, 2006.
17. That in March of 2007 Respondent called Investor #1 and told her that if any representative of Linsco Private Ledger Group called her she was to state that:
 - a. Respondent was not in attendance at the meeting that took place on September 14th, 2006; and
 - b. That Respondent made the decision to purchase units in Rancho Blanco on her own and that Respondent played no role in her decision.
18. That Investor #2, a Wisconsin resident, was a Linsco Private Ledger Group client of Respondent in August of 2006.

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19. That between, June of 2006 and December of 2006 Respondent solicited Investor #1 to purchase a participation in Rancho Blanco State #5, Rancho Blanco #6 and Rancho Blanco #7.
20. That between June of 2006 and December of 2006 Respondent, sold Investor #2 participations in Rancho Blanco State #5, Rancho Blanco State #6, and Rancho Blanco State #7.
21. That Investor #2 was in attendance at the Meeting on September 14, 2006.
22. That at the end of the Meeting Respondent approached Investor #2 and advised him to meet Respondent at his office located in Sterling, Illinois.
23. That on September 14th, 2006, Respondent advised Investor #2 to liquidate all of Investor #2's assets held at Linsco Private Ledger Group and to use those funds to purchase units of Rancho Blanco #7.
24. That Investor #2, on the advice of Respondent, liquidated his assets in Linsco Private Ledger Group in order to purchase interests in Rancho Blanco #7.
25. That Respondent, on September 18th, 2006, in order to conceal his scheme, called Investor #2 and told him that if any representative of Linsco Private Ledger Group called him he was to state that Investor #2's decision to liquidate his Linsco Private Ledger Group account was not based on any investment advice given by Respondent and that Investor #2 should not mention Respondent's name.
26. That on June 28, 2006, Frank R. Kitchell named Aspen Exploration and Greg Rand as Defendants in a suit filed in federal court in Texas. Kitchell stated in his complaint that he had purchased from Aspen a \$2.7 million oil and gas interest in Rancho Blanco No. 2 and other wells.
27. That Kitchell's complaint also states that his purchases were made in reliance on misrepresentations made by Aspen Exploration and Greg Rand.
28. That on July 11, 2006, Frank Y. Takahashi filed a lawsuit in federal court in Texas naming Aspen Exploration and Greg Rand as Defendants.
29. That Takahashi's complaint alleged that he had purchased a 4.5% working interest in an oil and gas well in DeWitt County, Texas, named the Shaffer #1 well.
30. That Takahashi alleged in his complaint that the sale to Takashi of the interest in the Shaffer #1 well was in violation of the Texas Securities Act and in violation of Section 10(b) of the Federal Securities Exchange Act and SEC Rule 10b-5.
31. That on June 25, 2004 Integrated Production Services, Inc. claimed a lien for services performed and for materials and equipment furnished under contract with

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Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State well #3.

32. That the lien claimed \$177,130.78, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #2 and Rancho Blanco Corporation State Well #3.
33. That on June 15, 2004 Jack Rettig, managing member of Professional Wireline Rentals claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #3.
34. That the lien claimed \$63,102.64, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #3.
35. That on March 22, 2005 Tubular Technology claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
36. That the lien claimed \$31,1346.41, plus interest, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #4.
37. That on November 30, 2005 Coil Tubing Services, L.L.C. claimed a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
38. That the lien claimed \$45,032.64, against all oil, gas and mineral leasehold estates owned by Aspen Exploration and identified as Rancho Blanco Corporation State Well #4.
39. That on February 13, 2006, Coil Tubing Services, L.L.C. filed suit against Aspen Exploration to enforce the lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells identified as Rancho Blanco Corporation State Well #4.
40. That at no time did Respondent ever disclose to Illinois Investors the risks involved with investing in the securities that Respondent was recommending.

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41. That specifically, Respondent did not disclose at the time of the sale that:
- a. That the above mentioned creditors had filed liens against Aspen Exploration Inc. for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells.
 - b. That Aspen Exploration was a party to pending litigation whereby a creditor filed suit against Aspen Exploration to enforce a lien for services performed and for materials and equipment furnished under contract with Aspen Exploration, Inc. in connection with operations conducted by Aspen Exploration on oil or gas wells.
 - c. That Aspen Exploration was a party to pending litigation whereby investors were alleging that Aspen Exploration and Greg Rand had engaged in fraudulent activity in connection with the sale of oil and gas interests to investors.
42. That the above-mentioned omissions of fact address the solvency, financial condition, competency and most importantly, the ability and willingness of Aspen Exploration to comply with existing rules and regulations.
43. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
44. That by virtue of the foregoing, Respondent violated Section 12.F of the Act.
45. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
46. That by virtue of the foregoing, Respondent violated Section 12.G of the Act.

COUNT II: Fraud**Respondent Misrepresented Facts to Investors in Connection With The Sale of the Rancho Blanco Oil and Gas Interests**

47. Paragraphs 1-46 are realleged and incorporated by reference.
48. That Respondent, in order to induce Investors to purchase interests in Rancho Blanco oil wells, represented to Investors that there were practically no risks involved in the purchase of the interests.

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49. That specifically, Respondent misrepresented that the only risk factor involved in the purchase of the Rancho Blanco oil interests was the chance of a natural disaster or war interfering with the operations of the wells.
50. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
51. That by virtue of the foregoing, Respondent violated Section 12.F of the Act.
52. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
53. That by virtue of the foregoing, Respondent violated Section 12.G of the Act.

COUNT III:

Respondent Did Not Have A Reasonable Basis For Recommending the Purchase of the Rancho Blanco Oil Interests

54. Paragraphs 1-53 are recited and incorporated by reference.
55. That Respondent did not have reasonable grounds to believe that his recommendations and the transactions were suitable for the Investors given their financial situation, investment objectives and needs.
56. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
57. That by virtue of the foregoing, Respondent violated Section 12.F of the Act.
58. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
59. That by virtue of the foregoing, Respondent violated Section 12.G of the Act.

COUNT IV:

Providing False Statements to the Illinois Securities Department

60. Paragraphs 1-59 are realleged and incorporated by reference.
61. Pursuant to Illinois Securities Law of 1953 as amended (815 ILCS 5/1 et seq. the "Act"), an applicant wishing to be registered as a salesperson in the State of Illinois has an obligation to register with the Secretary of State, Illinois Securities Department, by having an application filed with The Secretary of State pursuant to Section 8.C of the Act.
62. Pursuant to Section 130.810 of the Rules and Regulations Under The Illinois Securities Law, in order to be properly registered in the State of Illinois, a salesperson must have that application, in the form of an NASD U-4 form, filed with the NASD utilizing the CRD System.
63. Pursuant to Section 8.C of the Act the U-4 form must be amended whenever a change occurs that renders inaccurate any information contained in the initial application.
64. The relevant portion of the U-4 form states the following:
 - a. Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.
65. At no time has Respondent's U-4 form disclosed the fact that he is involved in any outside activity involving Aspen Exploration.
66. Section 12.E of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to make, or cause to be made, in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
67. By virtue of the foregoing, Respondent violated Section 12.E of the Act.
68. Section 8.E(1)(b) of the Act provides, *inter alia*, that the registration of a salesperson and/or investment adviser representative may be revoked if the

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Secretary of State finds that the salesperson has engaged in any unethical practice in connection with the offer or sale of securities.

69. By virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(b).
70. By virtue of the foregoing, the Respondent's registration as an investment adviser representative in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(b).
71. Section 8.E(1)(h) 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 made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a salesperson's business repute or qualifications, or has refused to furnish any such information requested by the Secretary of State.
72. 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)(h) of the Act.

COUNT V:**Providing False Statements Under Oath to the Illinois Securities Department**

73. Paragraphs 1-72 are realleged and incorporated by reference.
74. That on January 28th, 2008 Respondent gave a sworn statement under oath to the Department pursuant to Section 11 of the Act.
75. That during that sworn statement Respondent testified that he was currently employed by Midwest Film Ventures.
76. That Respondent also testified that Midwest Film Venture was in the movie production business.
77. That during that sworn statement Respondent testified that Michael Zuidema had provided seed money in the amount of \$12,000 to Midwest Film Venture for the development of a movie to be produced by Midwest Film Ventures.
78. That in fact the \$12,000 was given to Respondent by Michael Zuidema as compensation for Respondent's efforts in selling interests in Rancho Blanco #5, #6 and/or #7.
79. Section 12.E of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to make, or cause to be made, in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State

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pursuant to this Act, any statement which was false or misleading with respect to any material fact.

80. By virtue of the foregoing, Respondent violated Section 12.E of the Act.
81. Section 8.E(1)(h) 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 made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a salesperson's business repute or qualifications, or has refused to furnish any such information requested by the Secretary of State.
82. 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)(h) of the Act.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an Answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default by you.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

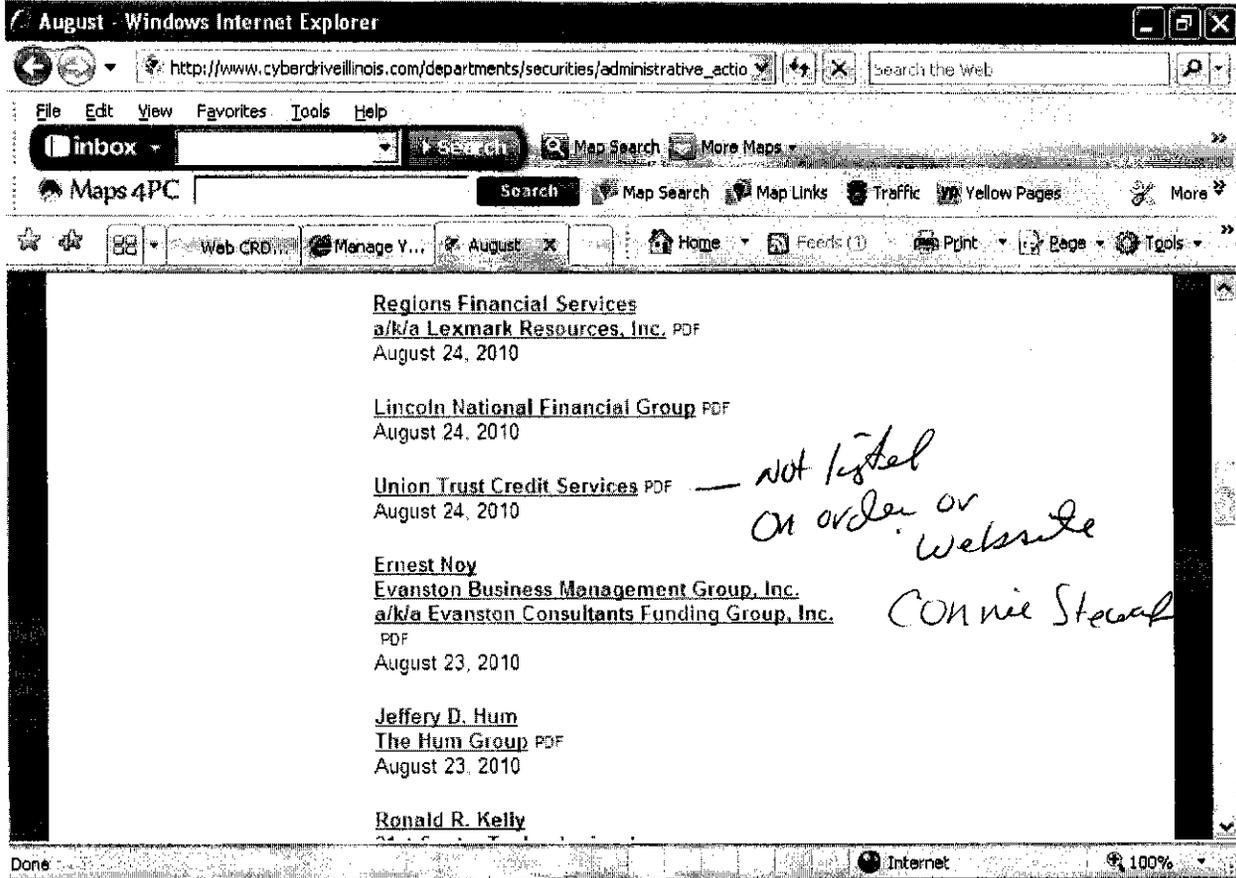
Dated: This 15th day of May, 2008


JESSE WHITE
Secretary of State
State of Illinois

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