

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: WELLS FINANCIAL SERVICES, )  
ITS OFFICERS, DIRECTORS, )  
EMPLOYEES, AFFILIATES, SUCCESSORS, ) File No. 0600588  
AGENTS AND ASSIGNS, )  
AND RICHARD A. WELLS )  
)

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ORDER OF PROHIBITION

TO THE RESPONDENT: Richard A. Wells  
Wells Financial Services  
1307 6<sup>th</sup> Avenue  
Sterling, Illinois 61081

Richard A. Wells  
Wells Financial Services  
2311 East Lincolnway  
Sterling, Illinois 61081

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on December 6, 2006, prohibiting Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, from offering or selling securities in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act"), the failure to request a hearing within thirty days of the entry of the Temporary Order of Prohibition shall constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, have failed to request a hearing on the matters contained in the said Temporary Order within thirty days of the entry of said Temporary Order and are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's final Findings of Fact as follows:

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1. That Respondent, Wells Financial Services, is a purported business entity, with a last known address of 2311 East Lincolnway, Sterling, Illinois 61081;
2. That at all times relevant, the Respondent, Richard A. Wells (hereinafter, "Wells") was an Officer, Director, Agent or Employee of Wells Financial Services and is an individual with a last known address of 1307 6<sup>th</sup> Avenue, Sterling, Illinois 61081;
3. That on or about July 19, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to CB, an Illinois Resident, an investment plan whereby Wells represented that upon receiving \$10,000 from CB, Wells would invest said funds in a "Mutual Trust" account which involved or included stocks, bonds and the futures market and that CB would receive a guaranteed return of 5.5% annually for a period of 3 years;
4. That on or about October 10, 2006, CB met with Wells to discuss the aforesaid investment plan and lack of account statements, at which time Wells represented to CB that CB's money was still contained in the aforesaid Mutual Trust account and that CB would receive account statements only after the three year period had ended;
5. That on or about September 14, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to DS, an Illinois Resident, an investment plan whereby Wells represented that upon receiving \$11,000 from DS, Wells would invest said funds in a "Mutual Bond Trust" account which would yield a guaranteed annual return of 7.0%;
6. That between June, 2005, and June, 2006, DS received multiple payments from Wells in the amount of \$192.50 which were represented by Wells to be interest payments from the aforementioned "Mutual Bond Trust" account;
7. That on or about June 13, 2006, Wells contacted DS and recommended that DS invest more money in the aforementioned "Mutual Bond Trust" account after which, based solely on the aforesaid recommendation by Wells, DS gave Wells an additional amount of \$2,000 for the purpose of investing said funds in the aforesaid "Mutual Bond Trust" account;

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8. That on or about September 12, 2006, DS received a check from Wells in the amount of \$236.62 which was represented by Wells to be an interest payment from the aforementioned "Mutual Bond Trust" account;
9. That on or about March 19, 2004, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, offered and sold to SS, an Illinois Resident, an investment plan whereby Wells represented that upon receiving \$18,672.56 from SS, Wells would invest said funds in a "Mutual Trust" account which would receive a much better return than the annuity in which said funds were previously located;
10. That on or about September 15, 2006, Wells contacted SS and recommended that SS invest additional funds in said "Mutual Trust" account; that based upon Wells' recommendation, SS gave Wells an additional amount of \$5,800 for the purpose of investing said funds in the aforesaid "Mutual Trust" account;
11. That Wells never invested the aforesaid funds received from CB, DS, or SS, in the aforementioned purported "Mutual Trust" or "Mutual Bond Trust" accounts as promised, but rather deposited said funds in his own personal bank account and used said funds for his own personal benefit and purposes;
12. That Wells' registration as a securities salesperson and/or broker pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act") was terminated in Illinois on July 16, 2003;
13. That each of the above referenced investment plans is an investment contract and therefore is a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
14. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
15. That Section 8 of the Act provides, inter alia, that all salespersons of securities except those exempt under Subsection A of Section 8 of the Act shall be registered with the Secretary of State;

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16. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
17. That Section 12.C of the Act provides, inter alia, that it shall be a violation of the Act to act as a salesperson or dealer unless registered as such, where such registration is required, under the provisions of the Act;
18. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act;
19. That 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;
20. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
21. That at all times relevant hereto, Respondent Richard A. Wells was not registered as a securities salesperson or dealer with the Secretary of State prior to the sale of the aforementioned securities;
22. That at all times relevant hereto, Respondent Wells Financial Services was not registered as a securities dealer with the Secretary of State prior to the sale of the aforementioned securities;
23. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from CB, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to CB that CB's funds would be invested in a

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"Mutual Trust" account which would yield a return of 5.5% annually over a period of 3 years, when in fact Wells never invested CB's funds in any such "Mutual Investment" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own personal benefit and purposes; furthermore, upon subsequent inquiries by CB, Wells continued to represent said funds still existed and were contained in the purported "Mutual Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;

24. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from DS, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to DS that her funds would be invested in a "Mutual Bond Trust" account which would yield an annual return of 7.0%, when in fact Wells never invested CB's funds in any such "Mutual Bond Trust" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own personal benefit and purposes; furthermore, by subsequently sending DS multiple checks and representing to CB that said checks were interest checks from said purported "Mutual Bond Trust" account, Wells continued to represent said funds still existed and were contained in the purported "Mutual Bond Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;
25. That at all times relevant hereto, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, obtained money or property from SS, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to SS that SS's funds would be invested in a "Mutual Trust" investment account which would yield a much better return than the annuity in which said funds were previously located, when in fact Wells never invested SS's funds in any such "Mutual Trust" account, but rather deposited said funds in his own personal bank account, whereupon Wells used said funds for his own personal benefit and purposes; furthermore, by subsequently contacting SS to recommend that SS make an additional investment in said "Mutual Trust" account, Wells continued to represent said funds still existed and were contained in the purported

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"Mutual Trust" account, when in fact Wells knew that said funds were never so invested and no longer existed;

26. That Section 11.F(2) of the Act provides, inter alia, that the Respondent's failure to request a hearing within 30 days after the date of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and shall constitute sufficient basis to make the Temporary Order final;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's final Conclusions of Law as follows:

1. That by virtue of the foregoing, the Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, has violated Sections 12.A, 12.C, 12.D and 12.G of the Act;
2. That by virtue of the foregoing, the Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, is subject, pursuant to Section 11.F of the Act, to an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Wells Financial Services, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, including Richard A. Wells, is hereby prohibited from offering or selling securities in the State of Illinois until further order of the Secretary of State.

ENTERED: This 9<sup>th</sup> day of January, 2007



Jesse White  
Secretary of State  
State of Illinois

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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.

Attorney for the Secretary of State:  
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