

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF:

CHARLES RICHARD ANTRIM

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)  
)

No. 0200044

NOTICE OF HEARING

TO THE RESPONDENT:

Charles Richard Antrim (CRD 825515)  
American Express  
Financial Advisors, Inc.  
1005 North Main Street  
Decatur, Ill, 62521

C/O American Express  
Financial Advisors, Inc.  
50031 AXP Financial Center  
Minneapolis, MN 55474

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1], et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 520 South Second Street, Suite 200 Springfield, Illinois 62701 on the 21st day of April, 2004, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order should be entered which revokes the investment adviser representative and Salesperson registrations of Charles Richard Antrim (the "Respondent") in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to an Order of Permanent Prohibition and imposition of a monetary fine in the maximum amount of \$10,000 pursuant to Section 11.E.4 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

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Count I (Section 8.E.1 (b))

1. At all times relevant, the Respondent was an associated person and was registered as an investment adviser representative and a salesperson for American Express Financial Advisors (a Federal Covered Investment Adviser in the State of Illinois, an Illinois registered Dealer, and an NASD Member firm) pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act").
2. Janis Wood, R.C. and Wanda B. Smith, John A. Redman, Georganna Tschantz, John D. Ford and Mary Herrin are Illinois resident clients of Charles Antrim.
3. Joe Bob's American C.A.R.S. is a now bankrupt small business which was located in Decatur, Illinois and was in the business of buying and selling used cars to the public.
4. Joe Bob Green A/K/A Joe R. Green was the President of Joe Bob's American C.A.R.S. Barbara J. Green is the wife of Joe Bob Green and was an employee of Joe Bob's American C.A.R.S.
5. During the time period from 1995 to 2001, Joe Bob Green, Barbara Green and Joe Bob's American C.A.R.S. offered and sold to over 100 persons, mainly Illinois residents, promissory notes in various denominations.
6. Investors were told that they were investing money in Joe Bob's American C.A.R.S. and that their money would be used to finance car sales by the business.
7. All of the promissory notes described in paragraph 5 above are securities and no registration of them as securities was made by Joe Bob Green, Barbara Green, Charles Antrim or any person on behalf of Joe Bob's American C.A.R.S.
8. Charles Antrim acting in his capacity as an investment adviser representative and or a securities salesperson recommended to persons identified in paragraph 2 above that they purchase the promissory notes described in paragraph 5 above.
9. Charles Antrim received compensation or commissions for recommending clients to invest in the promissory notes described in paragraph 5 above. The fact that Charles Antrim received compensation from Joe Bob Green and/or Joe Bob's American C.A.R.S. and the amount paid for investment

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recommendations was not disclosed to Charles Antrim's clients.

10. Charles Antrim as an investment adviser representative and/or salesperson had a fiduciary duty to his clients to make suitable recommendations regarding the purchase and sale of securities.
11. Charles Antrim breached his fiduciary duty in that he made recommendations to purchase securities which were unsuitable for his investors considering their income, financial resources and investment goals and because he knew or reasonably should have known that the sale of the promissory notes described in paragraph 5 above were not in compliance with applicable Federal and Illinois Securities laws.
12. Rule 130.850 of the Rules and Regulations under the Illinois Securities Law of 1953, 14 Admin Code 130.100 et seq. ("the Rules") provides, inter alia, that no dealer or salesperson shall effect transactions for any customer's account which are excessive in size or frequency or unsuitable in view of the financial resources of the customer.
13. Rule 130.852 of the Rules provides, inter alia, that no registered investment adviser or its representatives shall charge or receive compensation in connection with the giving of investment advice unless such compensation is fair and reasonable and is determined on an equitable basis adequately disclosed to each client in writing.
14. Rule 130.853 of the Rules provides, inter alia, that effecting or causing to be effected by or for any client's account, any transactions of purchase or sale which are excessive in size or frequency or unsuitable in view of the financial resources and character of the account, shall constitute an act, practice, or course of business on the part of the registered investment adviser or its representative effecting such transactions or causing the transactions to be effected that is fraudulent, deceptive or manipulative.
15. Section 8.E.1(b) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative or a salesperson may be suspended or revoked if the Secretary of State finds that the investment advisor representative or salesperson has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice.

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16. By virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative and salesperson registrations in the State of Illinois pursuant to the authority provided under Section 8.E.1(b) of the Act.

Count II (Section 12.J)

- 1-14. Paragraphs 1-14 of Count I are re-alleged and incorporated as Paragraphs 1-14 of this Count II.
15. Section 12.J of the Act provides, inter alia, that it shall be a violation of the Act when acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by any means or instrumentality, directly or indirectly, to engage in any act, practice or course of business which is fraudulent, deceptive or manipulative.
16. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection J of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
17. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
18. By virtue of the foregoing, the Respondent is subject to a fine of up to \$ 10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

Count III (Section 12.E)

- 1-9. Paragraphs 1-9 of Count I are re-alleged and incorporated as Paragraphs 1-9 of this Count III.
10. Charles Antrim pursuant to a written inquiry of the Secretary of State, Illinois Securities Department

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authorized under Section 11.C of the Act filed with the Department a notarized statement dated August 14, 2003.

11. In this notarized statement Mr. Antrim stated: "I did not personally recommend and/or refer any clients to Mr. Green or his company for investment." And "I received no remuneration or commissions from investments made by Illinois residents with Mr. Green directly from Mr. Green."
12. On January 16, 2004, pursuant to a subpoena for his testimony and documents, Charles Antrim appeared with counsel. Under oath he made recorded statements stating that he had not recommended that any of the clients identified in paragraph 2 above invest in securities or investments of Joe Bob Green or Joe Bob's American C.A.R.S. and that he had not received any compensation or commissions from Joe Bob Green or Joe Bob's American C.A.R.S. for recommending clients to invest in Joe Bob American C.A.R.S. or for the sale of the promissory notes described in paragraph 5 above.
13. Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act 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.
14. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection E of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
15. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
16. By virtue of the foregoing, the Respondent is subject to a fine of up to \$ 10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

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Count IV (Section 12.D)

- 1-7. Paragraphs 1-7 of Count I are re-alleged and incorporated as Paragraphs 1-7 of this Count IV.
8. 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 required to be filed under any provision of the Act.
9. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
10. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
11. By virtue of the foregoing, the Respondent is subject to a fine of up to \$ 10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

Count V (Section 8.E.1(m))

- 1-14. Paragraphs 1-14 of Count I are re-alleged and incorporated as Paragraphs 1-14 of this Count V;
- 15-17. Paragraphs 10-12 of Count III are re-alleged and incorporated as Paragraphs 15-17 of this Count V.
18. NASD Manual Business Conduct Rule 3040 states, inter alia, that prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.

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19. Charles Antrim did not comply with Rule 3040 when he made recommendations to his clients for the purchase of the promissory notes described in Paragraph 5 above.
20. Section 8.E.1(m) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser representative or a salesperson may be suspended or revoked if the Secretary of State finds that the investment advisor representative or salesperson has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer, limited Canadian dealer, salesperson, investment adviser or investment adviser representative.
21. By virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser representative and salesperson registrations in the State of Illinois pursuant to the authority provided under Section 8.E.1(m) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer, special appearance or other responsive pleading to the allegations outlined above within thirty days of the receipt of this notice. A failure to file an answer, special appearance or other responsive pleading within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

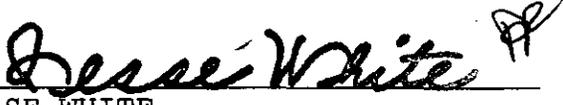
Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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

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Dated this 23<sup>rd</sup> day of January, 2004.

Jesse White   
JESSE WHITE  
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State of Illinois

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