

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
ALTON SECURITIES GROUP INC.
Respondent.

PETITION FOR ORDER

File No. S-04216-LX

The staffs of the Licensing & Compliance Bureau and the Enforcement Unit, Registration & Enforcement Bureau, of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof allege as follows:

1. Alton Securities Group Inc. ("Alton") is a broker-dealer (CRD #39639) with a last known address of 2410 State Street, PO Box 160, Alton, Illinois 62002;
2. On August 9, 2002, Alton applied through the CRD to become licensed as a broker-dealer in Wisconsin;
3. On August 12, 2002, the staff notified Alton of several items needed to complete its application and that those items must be filed by February 9, 2003, or the staff would ask the Administrator to deny its application;
4. On August 21, 2002, Alton provided staff with a signed "Wisconsin Broker-Dealer Activity of Applicant," which it marked that it had transacted broker-dealer business in Wisconsin prior to its application;
5. On August 27, 2002, the staff wrote to Alton's clearing broker-dealer, RBC Dain Rauscher ("Dain"), requesting information on all of Alton's Wisconsin accounts cleared through them;
6. On September 9, 2002, the staff received a response from Dain that indicated Alton had seven accounts in Wisconsin in which there had been securities transactions before August 9, 2002;
7. On September 19, 2002, the staff wrote to the firm noting Alton had effected securities transactions in Wisconsin while not licensed. The staff recommended Alton resolve any civil liabilities by means of rescission offers to all Wisconsin residents. The staff also requested that securities agents for Alton who had effected securities transactions with Wisconsin residents while not licensed, provide a written statement on their unlicensed activity;
8. On February 25, 2003, the staff again wrote to Alton requesting a response to the staff's September 19, 2003 letter;
9. On March 6, 2003, Alton sent a letter to staff requesting the department consider the pending broker-dealer application for the firm absent any rescission offers;

10. On March 12, 2003, the staff wrote to the firm noting it would not consider the application absent any rescission offers;

11. On October 3, 2003, the staff again wrote to Alton requesting they notify this Division of their intent regarding the broker-dealer application and settling its civil liability for unlicensed activity in Wisconsin. The staff also notified Alton that if it did not hear from them, the staff would request an Order be signed by the Administrator denying the firm's broker-dealer license application;

12. On March 18, 2004, the firm did send to this Division copies of rescission letters sent to 3 Alton securities accounts in Wisconsin. The firm did not send written statements from Alton Agents, as requested on September 19, 2002;

13. On March 30, 2004, the staff called Alton and left a message asking about rescission letters for other Alton Wisconsin accounts. The staff never received a verbal or written response;

14. On July 22, 2004, the staff again wrote to Alton's clearing firm Dain, requesting any transactions by Alton for Wisconsin accounts from January 1, 2003, to present;

15. On August 3, 2004, the staff received a response from Dain that showed a Wisconsin account opened on April 10, 2003, in which there were a number of securities transactions effected by an unlicensed Alton securities agent;

16. To date, the staff has not received all the information that it requested, and Alton continues to do broker-dealer business in Wisconsin without being licensed;

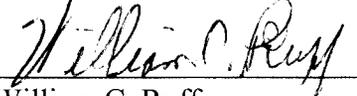
17. The failure of Alton to complete its application, as described above, provides a basis, pursuant to sec. 551.34(1)(a) and (b), Wis. Stats., for the denial of its license application.

THEREFORE, the staffs of the Licensing & Compliance Section and the Enforcement Unit petition the Administrator for the issuance of the attached Order.

DATED this 22nd day of September, 2004.



David A. Cohen
Supervising Attorney
Enforcement Unit



William C. Ruff
Licensing Examiner
Licensing & Compliance Section