

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
2 DIVISION OF FINANCE AND CORPORATE SECURITIES
3 SECURITIES SECTION
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
5 BUSINESS SERVICES

6 In the Matter of:) A-00-0013
7)
8)) ORDER TO CEASE AND DESIST
9)) ORDER ASSESSING CIVIL PENALTY
10)) and
11)) CONSENT TO ENTRY OF ORDER
12)
13 Respondents.)
14)
15)
16)
17)
18)
19)
20)

21 WHEREAS the Director of the Department of Consumer and
22 Business Services has conducted an investigation of Preferred
23 Securities Group, Inc., and has determined that Preferred
24 Securities Group, Inc. conducted business in the State of Oregon
25 as a broker-dealer without a license and allowed an unlicensed
26 salesperson to transact securities business in Oregon on its
27 behalf in violation of the Oregon Securities Law;

28 WHEREAS Preferred Securities Group, Inc. wishes to resolve
29 and settle this matter by filing the required licensing
30 application with the Division of Finance and Corporate
31 Securities;

32 NOW THEREFORE, as evidenced by the authorized signature
33 subscribed on this Order, Preferred Securities Group, Inc.
34 hereby CONSENTS to entry of this Order to Cease and Desist upon

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3888
Telephone: (503) 378-4387



1 the Director's Findings of Fact and Conclusions of Law as stated
2 hereinafter.

3 **FINDINGS OF FACT**

4 The Director **FINDS** that:

5 1. Preferred Securities Group, Inc. is a broker-dealer
6 firm located at 5301 N. Federal Highway, Suite 150, Boca Raton,
7 Florida. The CRD number for the firm is #35704.

8 2. Victor A. Lessinger is president of Preferred
9 Securities Group, Inc. The CRD number for Mr. Lessinger is
10 #830821.

11 3. The Maine Securities Division filed a civil suit
12 against Mr. Lessinger in 1991 alleging "material
13 misrepresentations, non-disclosure of sales commissions, sales
14 of unsuitable investments and use of misleading prospectuses in
15 connection with the offering and sale of junk bond mutual funds
16 and periodic payment plans." That case resolved by consent
17 order in 1993. Among other sanctions, the consent order called
18 for a \$50,000 fine, and it prohibited Mr. Lessinger from
19 applying for licensing as a sales representative in Maine for
20 one year. In November 1999, Maine issued a "conditional
21 restricted" license to Preferred Securities Group, Inc. and
22 approved Mr. Lessinger's license application.

23 4. Robert J. Vitale is a registered representative
24 employed by Preferred Securities Group, Inc. The CRD number for
25 Mr. Vitale is #2695384.

26 5. Preferred Securities Group, Inc. has never been



1 licensed as a broker-dealer in Oregon.

2 6. Preferred Securities Group, Inc. applied for an Oregon
3 broker-dealer license in March 1998, May 1999, and December
4 1999. The firm withdrew the first application in July 1998,
5 after the Oregon Division of Finance and Corporate Securities
6 notified the firm that the agency intended to issue an order to
7 deny the broker-dealer application due to the CRD disclosure
8 occurrences for the firm's president, Victor A. Lessinger.
9 Next, the firm applied for a broker-dealer license again in May
10 1999, and that application terminated in July 1999, after the
11 Oregon Division of Finance and Corporate Securities notified the
12 firm that the application would be denied for the same reason.
13 Preferred Securities Group, Inc. applied for an Oregon license
14 again in December 1999, and that license application remains
15 pending approval.

16 7. Robert J. Vitale was not licensed as a securities
17 salesperson in Oregon at any time during September 1999, and he
18 has never been licensed in Oregon to work for Preferred
19 Securities Group, Inc. Mr. Vitale was previously licensed in
20 Oregon as a securities salesperson for two prior employers, LCP
21 Capital Corp. and Shamrock Partners. Mr. Vitale maintained an
22 Oregon license to work for Shamrock Partners, Ltd. from July 24,
23 1998, to January 20, 1999. Mr. Vitale maintained an Oregon
24 license to work for LCP Capital Corp. from January 28, 1999, to
25 March 19, 1999.

26 8. On or about September 7, 1999, September 17, 1999,

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1 September 27, 1999, and September 30, 1999, Preferred Securities
2 Group, Inc. transacted business in Oregon as a broker-dealer in
3 effecting transactions in securities for one or more Oregon
4 investors.

5 9. On or about September 7, 1999, September 17, 1999,
6 September 27, 1999, and September 30, 1999, Robert J. Vitale
7 represented a broker-dealer in effecting transactions in
8 securities for one or more Oregon investors.

9 **CONCLUSIONS OF LAW**

10 1. Preferred Securities Group, Inc. transacted business in
11
12 Oregon as a "broker-dealer," as defined in ORS 59.015(1) (1997),
13 by effecting transactions in securities for the accounts of
14 others.

15 2. Preferred Securities Group, Inc. transacted business in
16
17 Oregon as a broker-dealer while unlicensed, in violation of ORS
18 59.165(1).

19 3. Robert J. Vitale acted as a securities "salesperson,"
20 as defined in ORS 59.015(18) (a), by representing a broker-dealer
21 in effecting transactions in securities.

22 4. Robert J. Vitale transacted business in Oregon as a
23 securities "salesperson," while unlicensed, in violation of ORS
24 59.165(1).

25 5. Preferred Securities Group, Inc. employed an unlicensed
26

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1 salesperson to act in Oregon, in violation of ORS 59.165(3).

2 **ORDER**

3 The Director, pursuant to ORS 59.245 hereby **ORDERS** that
4 respondent Preferred Securities Group, Inc. shall **CEASE and**
5 **DESIST** from:

6 1. Transacting business as a broker-dealer in the State of
7
8 Oregon in violation of ORS 59.165(1).

9 2. Employing an unlicensed securities "salesperson" in the
10
11 State of Oregon, in violation of ORS 59.165(3).

12 3. Violating any of the provisions of ORS Chapter 59 or
13 OAR Chapter 441.

14 The Director, pursuant to ORS 59.995, **HEREBY ORDERS**
15 respondent to pay a **CIVIL PENALTY** as follows:

16 Preferred Securities Group, Inc. is ORDERED TO PAY the sum
17 of \$2,500.00 (two thousand five-hundred dollars) for violations
18 stated herein.

19 The entry of this Order in no way limits further remedies
20 which may be available to the Director under Oregon law.

21 Dated this _____ day of _____, 2000, at Salem,
22 Oregon.

23 _____
24 MARY C. NEIDIG, ACTING DIRECTOR
25 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

26 **CORPORATE CONSENT TO ENTRY OF ORDER**
for Preferred Securities Group, Inc.

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1 I, _____, state that I am an
2 officer of Preferred Securities Group, Inc., and that I am
3 authorized to act on its behalf; that I have read the foregoing
4 Order and that I know and fully understand the contents hereof;
5 that the factual allegations stated herein are true and correct;
6 that Preferred Securities Group, Inc. has been advised of its
7 right to a hearing and of its right to be represented by counsel
8 in this matter; that Preferred Securities Group, Inc.
9 voluntarily and without any force or duress, consents to this
10 matter; that Preferred Securities Group, Inc. understands that
11 the Director reserves the right to take further actions to
12 enforce this Order or to take appropriate action upon discovery
13 of other violations of the Oregon Securities Law; and that
14 Preferred Securities Group, Inc. will fully comply with the
15 terms and conditions stated herein.

16 Preferred Securities Group, Inc. further assures the
17 Director that neither Preferred Securities Group, Inc. nor its
18 officers, directors, employees or agents will effect securities
19 transactions in Oregon unless such activities are in full
20 compliance with Chapter 59 of the Oregon Securities Revised
21 Statutes.

22 I understand that this Consent Order is a public document.

23 Dated this _____ day of _____, 2000.

24

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By _____
(Signature of officer)

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(Office Held)

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CORPORATE ACKNOWLEDGMENT

There appeared before me this _____ day of _____,
2000 _____, who was first duly sworn
on oath, and stated that he was and is _____
of Preferred Securities Group, Inc., and that as
_____ he is authorized and empowered to sign
this Consent to Entry of Order on behalf of Preferred Securities
Group, Inc. and to bind Preferred Securities Group, Inc. to the
terms hereof.

NOTARY PUBLIC for the State of: _____

(Printed name of Notary Public)
My commission expires: _____

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