

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934  
Release No. 66127 / January 10, 2012**

**ADMINISTRATIVE PROCEEDING  
File No. 3-14687**

**In the Matter of**

**Stephen M. Folan,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTIONS 15(b) AND  
15B(c) OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 15B(c) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen M. Folan (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections III.2 and III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Sections 15(b) and 15B(c) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### **III.**

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. From at least January 2005 until March 2011, Folan was a registered representative associated with FTN Financial Securities Corporation, a broker-dealer registered with the Commission, and with FTN Financial Capital Markets, a municipal securities dealer registered with the Commission. Folan, age 48, is a resident of Plainfield, Illinois.

2. On December 16, 2011, a final judgment was entered by consent against Folan, permanently enjoining him from aiding and abetting future violations of Section 206(2) of the Investment Advisers Act of 1940 ("Advisers Act"), in the civil action entitled Securities and Exchange Commission v. Stephen M. Folan, Civil Action Number 11-cv-8905, in the United States District Court for the Northern District of Illinois.

3. The Commission's complaint alleged that, in connection with a year-end 2006 repurchase transaction between FTN Financial Securities Corporation and the registered investment adviser Sentinel Management Group, Inc. ("Sentinel"), Sentinel provided materially misleading financial statements and made other related material misstatements to its clients. Folan aided and abetted Sentinel's violations of Section 206(2) of the Advisers Act.

### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Folan's Offer.

Accordingly, it is hereby ORDERED pursuant to Sections 15(b)(6) and 15B(c)(4) of the Exchange Act that Respondent Folan be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

with the right to apply for reentry after 3 years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially

waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy  
Secretary