

**NASD
OFFICE OF HEARING OFFICERS**

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

**The Truman Group, Inc.,
Broker-Dealer
[CRD No. 10764].**

**Kenneth Jason Saluk,
Registered Representative
[CRD No. 2470891].**

**Steven Matthew Labadie,
Registered Representative
[CRD No. 3149829], and**

**Robert Sean Paruch, Jr.,
Registered Representative,
[CRD No. 3139293]**

Respondents.

Disciplinary Proceeding
No. EFL2004000401

Hearing Officer -

COMPLAINT

Upon information and belief, Complainant alleges the following:

OVERVIEW

1. During the period of time from July 2004 through November 2004 ("the relevant period"), Kenneth Jason Saluk, Steven Matthew Labadie, and Robert Sean Paruch, Jr. (collectively, "Respondents"), while employed or associated with The Truman Group, Inc. ("Truman"), offered and sold unregistered securities in the form of common stock issued by El Dorado Exploration ("El Dorado"), Structures USA ("Structures"), and/or Infinity Music ("Infinity"),

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through fraudulent means. While they were associated with Truman, Respondents Saluk and Paruch were actively engaged in the firm's securities business, although they were not registered in any capacity. Respondent Labadie was registered only through October 8, 2004, although he continued to be associated with, and solicit investors on behalf of, Truman, through November 2004.

2. In total, Truman raised a total of approximately \$1,042,000 from investors from the offerings in El Dorado, Structures, and Infinity, primarily by cold-calling prospective investors. El Dorado was purportedly an oil exploration company; Structures was purportedly a manufacturer of construction materials; and Infinity was purportedly a music recording studio. In connection with the offer and sale of these unregistered securities, Respondents defrauded investors by making false statements concerning, among other things, such matters as the time and price of the initial public offering of the securities and the liquidity of the shares, by failing to disclose the risks associated with investing in these companies, and by misusing the funds sent by investors as payment for stock they never received.

RESPONDENTS

3. The Truman Group, Inc. (hereinafter referred to as "Respondent Truman" or "the firm") began its operations in July 2004, and was suspended from NASD membership as of November 19, 2004 pursuant to NASD Procedural Rule 9553 for failure to pay its annual assessment fees. The firm was formerly known as First Heritage Global, Ltd., and first became a member of NASD in

or about 2000. The firm's name was changed to The Truman Group, Inc. when Respondent Kenneth Jason Saluk purchased the assets of the firm in July 2004 from its prior owner. The Form BD was never amended to reflect the change in ownership; however, during the period from July 2004 through November 2004, Respondent Truman was owned and run solely by Kenneth J. Saluk.

4. Kenneth Jason Saluk (hereinafter referred to as "Respondent Saluk") entered the securities industry in May 1994 as a registered representative of Continental Broker-Dealer Corp., a member firm, where he was employed through November 1994, and then again from January 1996 through February 1998. Thereafter, Respondent Saluk was employed with the following member firms:

H.J. Meyers & Co., Inc.	2/98-9/98
EBI Securities Corporation	10/98-11/98
Interfirst Capital Corporation	11/98-1/01
Bishop Rosen & Co., Inc.	1/01-2/01
Continental Broker-Dealer Corp.	2/01-1/02
Newbridge Securities Corporation	1/02-8/02
Gunnallen Financial	8/02-5/03
Continental Broker-Dealer Corp.	5/03-11/03

During the period from on or about July 21, 2004 through on or about November 22, 2004, Respondent Saluk was the owner and president of Truman, and during the period from on or about August 31, 2004 through on or about September 17, 2004, was registered with NASD under Article V of the By-Laws as a General Securities Representative. Truman filed a Form U-

5 on behalf of Respondent Saluk on September 17, 2004. Respondent Saluk is not currently associated with any member firm.

5. Steven Matthew Labadie (hereinafter referred to as "Respondent Labadie") entered the securities industry in November 1999, when he became registered with member firm Emerson Bennett & Associates, where he remained employed through December 2000. Thereafter, Respondent Labadie was employed in the securities industry as follows:

Newbridge Securities Corporation	11/00-06/02
LH Ross & Company, Inc.	05/03-12/03
J.P. Turner & Company, L.L.C.	11/03-06/04
Truman	07/04-11/04

On October 8, 2004, the firm filed a Form U-5 on behalf of Respondent Labadie, who continued to work at Truman through November 2004, although he was no longer registered. Respondent Labadie is not currently associated with any member firm, though he remains subject to NASD's jurisdiction for this proceeding pursuant to Article V, Section 4 of the NASD By-Laws.

6. Robert Sean Paruch, Jr. (hereinafter referred to as "Respondent Paruch") entered the securities industry in June 1998 as a "cold caller" for Joseph Charles, where he was employed through September 1998. Thereafter, Respondent Paruch was employed with the following member firms:

First Liberty Investment Group, Inc.	10/98-02/99
Bell Investment Group, Inc.	02/99-03/99
Preferred Securities Group, Inc.	07/99-10/99
	07/00-12/00
IDT	05/01-08/01
Platinum Investment Group	01/02-04/02
Franklin Ross, Inc.	10/03-12/03
LH Ross & Company	12/03-03/04

From July 1994 through August 2004, Respondent Paruch solicited investors to purchase shares of common stock in Structures and in Infinity, but was not registered with Truman in any capacity. Respondent Paruch is not currently associated with any member firm, but remains subject to NASD's jurisdiction for this proceeding pursuant to Article V, Section 4 of the NASD By-Laws.

FIRST CAUSE OF COMPLAINT

**Respondents Truman, Saluk, Labadie, and Paruch Offered and Sold Unregistered Securities
(NASD Conduct Rule 2110)**

7. Paragraphs one through six are realleged and incorporated herein by reference.
8. During the relevant period, Respondent Truman, acting through Respondent Labadie, offered and sold shares of common stock in El Dorado Exploration to at least one investor, as set forth in paragraphs 19-22 below.
9. During the relevant period, there was no registration statement filed or in effect with the United States Securities and Exchange Commission ("SEC") with respect to the common stock of El Dorado, as required by Section 5 of the Securities Act of 1933 ("1933 Act"), and the stock was not exempt from any registration requirements.
10. During the relevant period, Respondent Truman, acting through Respondents Saluk, Labadie, and Paruch, offered and sold shares of common stock in Structures to a total of at least seven investors, as set forth in paragraphs 16-18, 25-38, and 41-50, below.

11. During the relevant period, there was no registration statement filed or in effect with the SEC with respect to the common stock of Structures USA, as required by the 1933 Act, and the stock was not exempt from any registration requirements.
12. During the relevant period, Respondent Truman, acting through Respondent Paruch, offered and sold shares of common stock in Infinity to a total of at least two investors, as set forth in paragraphs 51-56 below.
13. During the relevant period, there was no registration statement filed or in effect with the SEC with respect to the common stock of Infinity Music, as required by the 1933 Act, and the stock was not exempt from any registration requirements.
14. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondents Truman, Saluk, Labadie, and Paruch.

SECOND CAUSE OF COMPLAINT

Respondent Truman, acting through Respondent Labadie, Made Material Misrepresentations and Omissions In Connection With the Offer and Sale of Securities

(Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110)

15. Paragraphs one, two and five are realleged and incorporated herein by reference.

Customer GL

16. In August 2004, Labadie cold-called customer GL to recommend an investment in Structures, telling customer GL that Structures manufactured stucco and had a backlog of orders. Labadie told customer

GL that Structures would be publicly traded within a day or two, and would soon undergo a reverse merger. Labadie assured customer GL the stock was unrestricted, that the stock would open at a price of \$.50 to \$.60 per share, and would rise to a price of \$1.00 to \$1.50 per share within one month because the company "was so well run." Labadie did not provide customer GL with any financial information about the company.

17. Based on Labadie's recommendation, customer GL agreed to invest \$5,000 in Structures. At Labadie's direction, customer GL sent Truman a check made payable to First Equity Capital ("First Equity"), a non-registered entity which GL thought was a bank. Customer GL never received a confirmation, account statement, or stock certificate evidencing his investment in Structures.

18. In fact, Structures was never traded on any market and did not have any operating history, and Respondent Labadie had no reasonable basis for making such representations to customer GL.

Customer EM

19. Customer EM is a retired 77-year-old living on a fixed income of \$35,000 per year, with a total net worth of \$100,000. He was cold-called by Respondent Labadie to invest in El Dorado at a price of \$.50 per share. Labadie told customer EM that El Dorado was conducting an initial public offering ("IPO") and would trade at more than \$5.00 a share in the "near future." Labadie never told customer EM any risks associated with an

investment in El Dorado, and told customer EM it was "urgent" that he make a deposit of at least \$2,500 in order to "hold" the investment.

20. Based on Labadie's recommendation and at his direction, customer EM sent a check for \$2,500 to First Equity, which Labadie told customer EM was Truman's clearing firm.

21. Labadie sent customer EM a stock purchase agreement, but after reading it, customer EM decided not to invest in El Dorado. In October 2004, customer EM wrote to Truman requesting that his money be returned. To date, he has not received his money.

22. In fact, El Dorado was never traded on any market and did not have any operating history, and Respondent Labadie had no reasonable basis for making such representations to customer EM.

23. Such acts, practices, and conduct constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110 by Respondent Truman which, acting through Respondent Labadie, engaged in acts operating as a fraud or deceit in connection with the purchase or sale of securities.

THIRD CAUSE OF COMPLAINT

Respondent Truman, acting through Respondent Saluk, Made Material Misrepresentations and Omissions in the Offer and Sale of Securities (Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110)

24. Paragraphs one through four are realleged and incorporated herein by reference.

Customer JH

25. In or about July 2004, Respondent Saluk told JH that Structures would go public in "a couple of days" and the price would go from \$.50 to \$1.00 per share. Respondent Saluk did not discuss any risks associated with an investment in Structures.
26. In or about July 2004, based on Respondent Saluk's representations, JH purchased 22,000 shares of Structures at a price of \$.50 per share.
27. At Respondent Saluk's direction, customer JH sent Truman a check for \$11,000 made payable to First Equity. Respondent Saluk did not explain what First Equity was to JH.
28. JH never received any confirmation, account statements, stock certificates, or other documentation evidencing her investment in Structures.
29. JH repeatedly demanded of Respondent Saluk that Truman return her money. To date, she has not received anything from Truman.
30. Structures did not go public within the time frame, and was not valued at the price to JH by Saluk, who had no reasonable basis for such representations.

Customer MH

31. In or about July 2004, Respondent Saluk recommended that MH invest in Structures, but did not discuss any risks associated with the investment, and did not provide any other information or documentation about the company.

32. Based on Respondent Saluk's recommendation, customer MH purchased 10,000 shares of Structures at a price of \$.50 per share.
33. MH never received any confirmation, account statements, stock certificates, or other documentation evidencing his investment in Structures.
34. MH questioned Respondent Saluk about his investment, and Respondent Saluk told MH there was a "delay with the transfer agent." MH repeatedly requested of Respondent Saluk that Truman return his money. To date, MH has not received anything from Truman.

Customer NA

35. In or about July 2004, Respondent Saluk told NA that Structures was "freely tradeable," but never discussed any risks associated with the investment. Based on Respondent Saluk's recommendations, NA purchased 20,000 shares of Structures at a price of \$.50 per share.
36. At Respondent Saluk's direction, NA sent a check for \$10,000 for the purchase to First Equity, which Respondent Saluk told her was a bank in Louisiana. Respondent Saluk told NA that First Equity would issue the stock certificate for NA's purchase.
37. NA never received any confirmation, account statements, stock certificates, or other documentation evidencing his purchase of Structures stock.
38. In fact, Structures was not "freely tradeable," and Saluk had no reasonable basis for making such representation to customer NA.

39. Such acts, practices, and conduct, constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110 by Respondent Truman which, acting through Respondent Saluk, engaged in acts operating as a fraud or deceit in connection with the purchase or sale of securities.

FOURTH CAUSE OF COMPLAINT

Respondent Truman, acting through Respondent Paruch, Made Material Misrepresentations and Omissions in the Offer and Sale of Securities (Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110)

40. Paragraphs one, two and six are realleged and incorporated by reference herein.

Customer RN

41. Customer RN is a retired 67 year-old whose annual income is approximately \$35,000. In or about August 2004, Paruch cold-called customer RN to tell him of a "no-brainer" investment in Structures. Paruch told customer RN that Structures would have an IPO in the near future, and that the price of the stock would double or triple within a few months of the IPO. When customer RN told Paruch he did not want any high-risk stock, Paruch responded that RN "[could] not lose."

42. Based on Paruch's recommendations, customer RN invested \$1,500 in Structures, and at Paruch's direction, sent Truman a \$1,500 check made payable to First Equity. Paruch did not tell customer RN anything about First Equity. Paruch never provided RN with any documentation regarding

Structures, or account statements or stock certificates evidencing RN's investment in Structures.

43. In fact, the representations made by Paruch to RN were false, and Paruch had no reasonable basis for making such representations.

Customer JB

44. Customer JB is a retired 66 year-old whose income is approximately \$2,500 per month, derived from social security and pension. Paruch cold-called customer JB and recommended that he invest in Structures, which Paruch said would double in value within two months. Paruch assured Customer JB that Structures was a "safe" investment. Paruch never discussed with JB any risks associated with an investment in Structures.

45. Based on Paruch's recommendation, customer JB agreed to purchase \$2,500 worth of Structures. At Paruch's direction, customer JB sent a check to First Equity, which customer JB thought was a bank. Paruch never sent customer JB any documentation regarding Structures or evidencing JB's investment in Structures.

46. After sending a check for \$2,500 to invest in Structures, Customer JB received a package from Truman containing a letter stating that he had invested in a company called Infinity and that an account had been opened for customer JB at "Great American," and enclosing a document labeled "Stock Power."

47. In fact, Structures was a speculative investment, and Paruch had no reasonable basis for the price predictions he made to JB.

Customer JK

48. Customer JK is 72 years old, retired, and living on a fixed income from social security. In or about August 2004, Paruch cold-called customer JK to recommend that he invest in Structures. Paruch told customer JK Structures was "red hot" and would go from three to four dollars a share within two months. Paruch also told customer JK Structures was a "sure thing" and was "freely tradeable on the open market."
49. Based on Paruch's recommendations, JK purchased 10,000 shares of Structures at a price of \$.50 per share. At Paruch's direction, JK sent Truman a \$5,000 check made payable to First Equity, which JK thought was Truman's clearing firm. Paruch never provided JK with any documentation regarding his investment in Structures.
50. In fact, Structures was not freely tradeable, and Paruch had no reasonable basis for the price predictions he made to JK.

Customer RL

51. Customer RL is 65 years old and retired, with little investment experience. In or about August 2004, Respondent Paruch repeatedly called RL to solicit his purchase of Infinity. Respondent Paruch told RL that Infinity was "released at \$1.00 and the current value is \$1.20," and offered RL Infinity at a price of \$.60 per share. Respondent Paruch also told RL that Infinity was "freely tradeable," but did not discuss any risks associated with investing in Infinity.

52. Based on Respondent Paruch's recommendations, RL purchased \$35,000 worth of Infinity stock. At Respondent Paruch's direction, RL effected a wire transfer of \$35,000 to pay for his purchase of stock to an account of First Equity, which RL thought was Truman's clearing firm.

53. In fact, Infinity was not freely tradeable, and Paruch had no reasonable basis for the representations he made to RL.

Customer TP

54. Customer TP is 64 years old and retired, with an annual income of approximately \$60,000. In or about July 2004, Respondent Paruch cold-called TP to recommend that he purchase Infinity stock at a price of \$.60 per share. Respondent Paruch told TP that Infinity was a record company signing new artists that had just purchased a stadium in Jacksonville, Florida. Respondent Paruch also told TP that the stock was "freely tradeable" and would rise to a price of \$1.50 to \$2.00 per share in the "near future." Respondent Paruch did not advise TP of any risks associated with an investment in Infinity, and did not provide TP with any financial information regarding the company.

55. Based on Respondent Paruch's recommendations, TP purchased a total of 22,000 shares of Infinity for a total price of \$12,000. At Respondent Paruch's direction, TP wired funds, and sent a check payable, to First Equity, to pay for his purchases of Infinity. TP received one stock certificate from Truman reflecting that he purchased only 12,000 shares of Infinity.

56. In fact, Infinity was not freely tradeable, and Paruch had no reasonable basis for the representations he made to TP.

57. Such acts, practices, and conduct constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110 by Respondent Truman which, acting through Respondent Paruch, engaged in acts operating as a fraud or deceit in connection with the purchase or sale of securities.

FIFTH CAUSE OF COMPLAINT

Respondents Truman, Saluk, Labadie, and Paruch Misused Investor Funds (NASD Conduct Rules 2330 and 2110)

58. Paragraphs one through 44 are realleged and incorporated herein by reference.

59. During the period from in or about July 2004 through in or about September 2004, Respondent Truman, acting through Respondents Saluk, Labadie, and Paruch, directed customers to send checks to Truman made payable to First Equity or to wire funds directly to First Equity, to pay for the customers' purported stock purchases.

60. The customers intended that the funds paid to Truman or First Equity would be used to make investments on their behalf in El Dorado, Structures, or Infinity.

61. With the exception of customer TP who received a stock certificate for some, but not all of the shares he intended to purchase, the customers who bought stock from Respondent Truman through Respondents Saluk,

Labadie, and Paruch, never received any documentation evidencing their stock purchases, and their funds were never returned to them by Truman or First Equity.

62. Respondent Truman, acting through Respondents Saluk, Labadie, and Paruch, misused the customers' funds intended to pay for their stock purchases.

63. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2330 and 2110 by Respondents Truman, Saluk, Labadie, and Paruch.

SIXTH CAUSE OF COMPLAINT

Failure to Register Respondents Saluk, Labadie, and Paruch as General Securities Representatives
(NASD Membership and Registration Rule 1031 and NASD Conduct Rule 2110)

64. Paragraphs one through 63 are realleged and incorporated herein by reference.

65. During the period from July 21, 2004 through August 30, 2004, and from September 18, 2004 through October 2004, Respondent Saluk was not registered as a General Securities Representative and Respondent Truman did not register him as such.

66. During July 2004, when he was not registered as a General Securities Representative, Respondent Saluk solicited investors to purchase shares of common stock in various securities from Truman.

67. During the period from approximately July 2004 through August 2004, Respondent Paruch was not registered as a General Securities Representative and Respondent Truman did not register him as such.

68. During the period from approximately July 2004 through August 2004, Respondent Paruch solicited investors to purchase shares of common stock in various securities from Truman.

69. From the period October 8, 2004 through November 2004, Respondent Labadie was not registered as a General Securities Representative, and Respondent Truman did not register him as such. However, Respondent Labadie solicited investors to purchase shares of common stock in various securities from Truman.

70. Such acts, practices, and conduct constitute separate and distinct violations of NASD Membership and Registration Rule 1031 and NASD Conduct Rule 2110 by Respondents Truman, Saluk, Labadie, and Paruch.

SEVENTH CAUSE OF COMPLAINT

Respondents Truman and Saluk Failed to Register Respondent Saluk as a General Securities Principal While He Acted in a Principal Capacity (NASD Membership and Registration Rule 1021 and NASD Conduct Rule 2110)

71. Paragraphs one through four are realleged and incorporated herein by reference.

72. During the period from July 2004 through November 2004, while Truman was in operation, Respondent Saluk was the owner and President of the firm.

73. During the period from July 2004 through November 2004, Respondent Saluk supervised, solicited, and conducted the business of the firm and was actively engaged in the management of the firm's securities business.

74. During the period from July 2004 through November 2004, the firm did not register Respondent Saluk as a General Securities Principal.

75. During the period from July 2004 through November 2004, Saluk did not become registered as a General Securities Principal.

76. Such acts, practices, and conduct constitute separate and distinct violations of NASD Membership and Registration Rule 1021 and NASD Conduct Rule 2110 by Respondents Truman and Saluk.

EIGHTH CAUSE OF COMPLAINT

Respondent Saluk Failed to Appear before NASD Staff for On-the-Record Testimony

(NASD Procedural Rule 8210 and NASD Conduct Rule 2110)

77. Paragraphs one through four are realleged and incorporated herein by reference.

78. On December 3, 2004, NASD staff issued a letter to Respondent Saluk requesting pursuant to NASD Procedural Rule 8210 that he appear and testify before NASD staff on December 28, 2004.

79. On December 27, 2004, counsel for Respondent Saluk issued a letter confirming that Respondent Saluk would not appear for the on-the-record interview on December 28, 2004.

80. Such acts, practices, and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110 by Respondent Saluk.

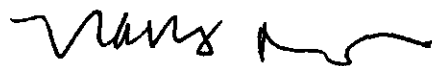
PRAYER FOR RELIEF

WHEREFORE, the Complainant respectfully requests:

- A. Findings of fact and conclusions of law that the Respondents committed the violations charged and alleged herein;
- B. An order imposing sanctions upon Respondents in accordance with NASD Procedural Rule 8310;
- C. An order requiring Respondents to disgorge fully any ill-gotten gains and/or make full and complete restitution, together with interest.
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Procedural Rule 8330; and
- E. An order imposing any other fitting sanction.

Dated: May 16, 2006

Respectfully submitted,



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