

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: NATCITY INVESTMENTS, INC.)
_____))
_____))
_____))

File 0100032

NOTICE OF HEARING

TO THE RESPONDENTS: NatCity Investments, Inc.
c/o Peter Romatowski
Jones, Day, Reavis & Pogue
51 Louisiana Avenue, N.W.
Washington, D.C. 20001-2113

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 Adm. Code 130, Subpart K, a public hearing will be held at Lincoln Tower, 520 South Second Street, Suite 200, Springfield, Ill 62701, on the day of 21st of May, 2003 at the hour of 9:00 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 of Prohibition and/or an Order of Revocation should be entered against NatCity Investments, Inc., (the "Respondent") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed actions are as follows:

8.E 1 (e) VIOLATIONS

1. That Respondent, NatCity Investments, Inc. ("NatCity") is a purported corporation which maintains a business address at 1965 East Sixth Street, Cleveland, Ohio, 44114;

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2. That Respondent, NatCity has offices at the following Central Illinois locations:
 - a. 202 East Washington Street, Bloomington, IL 61701
 - b. 30 Main Street, Champaign, IL 61820
 - c. 1101 Centre West, Springfield, IL 62704
 - d. 250 Landmark Mall, Decatur, IL 62525
 - e. 5006 North Glen Park Place, Peoria, IL 61614
 - f. 1100 West Glen Avenue, Peoria, IL 61614
 - g. 301 Southwest Adams Street, Peoria, IL 61613
 - h. 7901 North University, Peoria, IL 61615
 - i. 100 17th Street, Rock Island, IL 61201
 - j. 1800 30th Street, Rock Island, IL 61201
 - k. #1 Old Capital Plaza North, Springfield, IL 62701

3. That between June 1998 to the present date, the following persons, at some point, were employed by NatCity as salespersons at one, some or all of the office locations listed above and were registered as such in Illinois:
 - a. Mitchell Inskeep
 - b. Steven Duitsman
 - c. Douglas Throneburg
 - d. James Gossett
 - e. Michael Foland
 - f. Kevin Moore
 - g. Michael Raya

4. That the Respondent sold certificates of deposit with a call feature ("callable CD") to Illinois residents from June 1998 to March 2000;

5. That the callable CDs sold by NatCity salespersons are securities as that term is defined pursuant to Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");

6. That the above-referenced sales of callable CDs were sales of securities as that term is defined in Section 2.5 of the Act;

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7. That the Respondent:
 - a. failed to provide adequate training to its salespersons regarding the offer and sale of callable CDs;
 - b. failed to implement and supervise measures to ensure that suitability information was gathered from prospective purchasers of callable CDs and that the recommendations to purchase callable CDs were suitable; and
 - c. failed to implement and supervise measures to ensure that the information given to investors and potential investors regarding the features of callable CDs was accurate.
8. That Section 8.E (1) (e) of the Act provides, inter alia, that the registration of a dealer may be denied, suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of its salespersons and the failure has permitted or facilitated a violation of Section 12 of the Act, or the dealer has failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations;
9. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the provisions of the Act to offer or sell any security except in accordance with the provisions of the Act;
10. That 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; and
11. That by virtue of the foregoing, the Respondent is subject to a fine of up to \$10,000.00 per violation

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and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois and/or revokes the dealer registration of the Respondent.


You are further notified that each Respondent is required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130.100 et seq.) (the "Rules"), to file an answer to the allegations outlined above, or a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty days of the receipt of this Notice. Respondent's failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives Respondent's right to a hearing.

Furthermore, the Respondent may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

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

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

ENTERED: This 8th day of April, 2003



JESSE WHITE
Secretary of State
State of Illinois

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Attorney for the Secretary of State:

Andrew C. Barris

Illinois Securities Department

520 South Second Street, Suite 200

Springfield, Ill 62701

Telephone: (217) 785-4934

Hearing Officer:

Jon K. Ellis

1035 S. 2nd Street

Springfield, Ill 62704

217-528-6835