

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: STEVEN M. REED)
_____)

FILE NO. C0200385

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT:

Steven M. Reed
(CRD #: 2642807)
626 Oakwood Drive
Suisun, California 94585

C/o Cambridge Investment Research, Inc.
56 E. Burlington Avenue
Fairfield, Iowa 52556

C/o David W. Studley
Attorney at Law
P.O. Box 579
San Andreas, California 95249

WHEREAS, Respondent on the 29th day of May 2003 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation") which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated February 14, 2003 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, while neither admitting nor denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on March 13, 2002 the National Association of Securities Dealers Regulations, Inc. (NASDR) entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C06020002 which sanctioned the Respondent as follows:
 - a. fined \$5,000.00; and
 - b. suspension from association with any NASD member in any capacity for a period of five business days.
3. That the AWC found that the Respondent during the period from about October 1997 to about March 1998, recommended and engaged in purchase and sale transactions in three accounts of a customer which involved mutual fund switching. He did not have reasonable grounds for believing that these recommendations and resultant transactions were suitable for the customer based on her security holdings, financial situation, and needs. The aforementioned acts, and conduct constitute a violation of NASD Conduct Rules 2110 and 2310 by Respondent.
4. That Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That the NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E (1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that :

1. He shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from this entry of the Consent Order and will not re-apply for registration for a period of two (2) years from the entry of the Consent Order.

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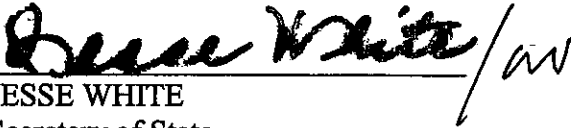
2. He shall pay the sum of Seven Hundred Fifty dollars (\$750.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of the Consent Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Steven M. Reed shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from this entry of the Consent Order and will not re-apply for registration for a period of two (2) years from the entry of the Consent Order.
2. Steven M. Reed shall pay the sum of Seven Hundred Fifty dollars (\$750.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of the Consent Order.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

Dated: This 2nd day of June 2003.



JESSE WHITE
Secretary of State
State of Illinois