

Notice of Hearing

4. Respondent, from June 11, 1993 to March 28, 2003 was registered with the Secretary of State, Securities Department as a registered salesperson and investment adviser representative with Pruco.
5. Investor, (hereinafter "Investor") at all relevant times, was an Illinois resident.
6. Investor was a client of Respondent's while Pruco employed Respondent.
7. On or about November 6, 2001, Respondent approached Investor at her home and recommended that Investor purchase and Investor did purchase, an Allianz equity indexed annuity (hereinafter Annuity #1) in the amount of \$100,000.
8. Respondent made the representation to Investor that Annuity #1 was being sold through Pruco.
9. Annuity #1 was not in fact a product that was sold through Pruco.
10. Respondent did not sell Annuity #1 on the books and records of Pruco.
11. On or about November 6, 2002, Respondent approached Investor at her home and recommended that Investor purchase and Investor did purchase, an Allianz equity indexed annuity (hereinafter Annuity #2) in the amount of \$26,453.71.
12. Respondent made the representation to Investor that Annuity #2 was being sold through Pruco.
13. Annuity #2 was not in fact a product that was sold through Pruco.
14. Respondent did not sell Annuity #2 on the books and records of Pruco.
15. Section 12. F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities, which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
16. By virtue of the foregoing, Respondents violated 12.F of the Act.
17. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, ("the Act") provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

18. By virtue of the foregoing, Respondents violated 12.G of the Act.
19. Section 12.J(1) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser representative to employ any device, scheme or artifice to defraud any client.
20. By virtue of the foregoing, Respondents violated Section 12.J(1) of the Act.
21. Section 12.J(2) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser representative to engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client.
22. By virtue of the foregoing, Respondents violated Section 12.J(2) of the Act.
23. Section 12.J(3) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser representative to engage in any act, practice or course of business which is fraudulent, deceptive or manipulative.
24. By virtue of the foregoing, Respondents violated Section 12.J(3) of the Act.

COUNT II:

Failing To Disclose Outside Business Activity To The Secretary of State's Office

25. Paragraphs 1-24 are realleged and incorporated by reference and are fully set forth herein.
26. That since November of 2001, Respondent has been selling equity-indexed annuities issued by Allianz.
27. That Respondent has received a commission for each and every one of his sales of equity indexed annuities issued by Allianz.
28. Pursuant to Section 8.C of the Illinois Securities Law of 1953 as amended (815 ILCS 5/1 et seq. the "Act"), a dealer wishing to register a salesperson in the State of Illinois shall file an application with the Secretary of State which the salesperson is required to provide to the dealer, executed verified or authenticated by the salesperson setting forth information provided in Section 8.C of the Act.
29. Pursuant to Section 130.810 of the Rules and Regulations Under The Illinois Securities Law, an application, properly filed with the Secretary of State

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pursuant to Section 8.C, includes filing a U-4 form with the NASD utilizing the CRD System.

30. Pursuant to Section 8.C of the Act the U-4 form must be amended whenever a change occurs that renders inaccurate any information contained in the initial application.
31. The relevant portion of the U-4 form states the following:
 - a. Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.
32. Respondent's U-4 form since November of 2001 never disclosed any of his outside business activities dealing with the sales of Allianz equity indexed annuities, including the outside business activities detailed in paragraphs 6-13.
33. Section 12.E of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to make, or cause to be made, (1) in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
34. By virtue of the foregoing, Respondent violated Section 12.E of the Act.

COUNT III: Unethical Business Practice

35. Paragraphs 1-34 are realleged and incorporated by reference and are fully set forth herein.
36. Section 8.E(1)(b) of the Act provides, *inter alia*, that the registration of a salesperson and/or investment adviser representative may be revoked if the Secretary of State finds that the salesperson has engaged in any unethical practice in connection with the offer or sale of securities.
37. By virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(b).

38. By virtue of the foregoing, the Respondent's registration as an investment adviser representative in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(b).

COUNT IV: Misrepresentation Made to the Secretary of State

39. Paragraphs 1-37 are realleged and incorporated by reference and are fully set forth herein.
40. Section 8.E(1)(h) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a salesperson's business repute or qualifications, or has refused to furnish any such information requested by the Secretary of State.
41. 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)(h) of the Act.
42. That by virtue of the foregoing, the Respondent's registration as an investment adviser representative in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(h) of the Act

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.


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

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

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

Dated: This 30th day of October, 2007.


JESSE WHITE
Secretary of State
State of Illinois

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