

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: JAMES A. PARRELLY)
)
)

FILE NO. 0700051

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT: James A. Parrelly
(CRD# : 728368) 24645 Fairmont Drive
Dearborn, Michigan 48124

C/o First Midwest Securities, Inc.
207 W. Jefferson Street
Suite 102
Bloomington, Illinois 61701

C/o Melvin J. Moseley Jr.
Attorney At Law Wainer, Norcross & Judd, LLP.
900 Fifth Third Center
111 Lyons Street,
N.W., Grand Rapids, Michigan 49503-2487

WHEREAS, Respondent on the 1st day of October 2007 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 April 27, 2007 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, without admitting or 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.

2. That on December 11, 2006 NASD entered Order Accepting Offer Of Settlement submitted by the Respondent (Order) regarding Disciplinary Proceeding No. E8A2003033801 which sanctioned the Respondent as follows:
 - a. suspended for twenty (20) calendar days from association with any member of the NASD in any capacity;
 - b. fined \$5,000.00; and
 - c. pay restitution to public customer C.C.
3. That the Order found:
 - a. Between approximately March 2001 and October 11, 2002 (the, "Relevant Period"), the Respondent recommended and effected transactions in Class B shares of certain mutual funds for public customer C.C., without having reasonable grounds for believing that the resultant transactions were suitable for the customer, who was a retired, elderly widow with extremely limited securities experience. Under the circumstances, customer C.C. would have financially benefited from owning Class A shares in the identical funds, regardless of how long customer C.C. held the funds. The unsuitable trading consisted of the following acts:
 - i. During the Relevant Period, the Respondent recommended and sold to customer C.C. more than \$1.2 million of Class B shares in the Federated Family of Funds ("Federated Funds"). At the time of such recommendations, the Respondent knew or should have known that customer C.C. already owned shares in Federated Funds valued at more than \$765,000. Under the circumstances, during the Relevant Period customer C.C. could have purchased Class A shares of the additional Federated Funds and received substantial breakpoints associated with any front-end load, or initial sales charge she may have had to pay for the Class A shares, if not a complete waiver of any front-end load, through which customer C.C. could have purchased Class A shares at net asset value (-NAV"). By purchasing Class A shares under the circumstances, customer C.C., would have paid substantially lower annual fees and expenses for as long as she held such shares, and would not have been subjected to any contingent deferred sales charges ("CDSCs") associated with the Class B shares she purchased. Consequently, regardless of customer C.C.'s

intended holding period, Customer C.C. would have financially benefited from owning Class A shares, instead of Class B shares of the Federated Funds she purchased during the Relevant Period. The Respondent also earned more commissions from selling the relevant Class B shares, instead of Class A shares.

- ii. During the Relevant Period, the Respondent also recommended that customer C.C. sell certain of her Class B shares of Federated Funds, only to thereafter recommend that customer C.C. purchase additional Class B shares of Federated Funds. Consequently, customer C.C. was subjected to CDSCs associated with the sales of such funds, as well as a new CDSC period associated with the new Class B share purchases. Under the circumstances, the Respondent should have recommended that customer C.C. purchase Class A shares of such funds or, at the very least, could have recommended that customer C.C. "exchange" certain of his Federated Funds for different Federated Funds, which could have been effected at no additional cost or consequence to customer C.C.
 - iii. During the relevant period, the Respondent also engaged in short-term trading of Class B shares in the Munder Family of Funds. The Respondent recommended that customer C.C. purchase Class B shares in the Munder Family of Funds, only to thereafter recommend the sale of the same Class B shares in the Munder Family of Funds within one year of the initial purchase. Consequently, customer C.C. paid a significant CDSC (5%) in connection with such sale. Under the circumstances, and in light of customer C.C.'s possible short-term investment horizon, customer C.C. would have been financially benefited from owning Class C shares in the identical Munder Funds, instead of Class B shares.
 - iv. During the relevant period, the Respondent recommended that customer C.C. use cash distributions from mutual fund positions to purchase additional shares of the same fund, generating new commissionable sales instead of reinvesting the shares with the fund group.
- b. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2310 and IM-2310-2.

4. That Section 8.E(1)(j) 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 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 NASD is a self-regulatory organization as specified in Section

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:

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 he shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not reapply for registration for a period of one (1) year from the entry of this Consent Order.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of Seven Hundred Fifty dollars (\$750.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation the Respondent has acknowledged and agreed that he executed a certain Affidavit which contains undertakings that he will adhere to upon entry of this Consent Order. Said Affidavit is incorporated herein and made a part hereof.

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.

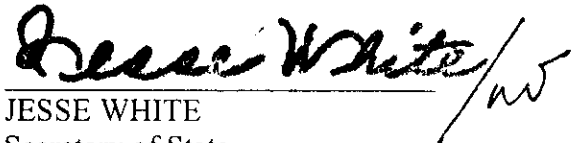
NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of One (1) year from the entry of this Consent Order.
2. The Respondent is levied costs of investigation in this matter in the amount of Seven Hundred Fifty dollars (\$750.00), payable to the Office of

the Secretary of State, Securities Audit and Enforcement Fund, and on 2007 has submitted Seven Hundred Fifty dollars (\$750.00) in payment thereof.

3. The Respondent shall comply with all of the terms and conditions contained in his accompanying Affidavit which has been made a part of this Order.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 5th day of October 2007



JESSE WHITE
Secretary of State
State Of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 et seq.} and the Rules and Regulations of the Illinois Securities Act, { 14 Ill. Admin. Code Ch. I, Section 130.1123 } . Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.