

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

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IN THE MATTER OF: FRANK J. CILENTO) FILE NO. 1200069
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NOTICE OF HEARING

TO THE RESPONDENT:

Frank J. Cilento
(CRD#: 1485262)
455 Powell St.
Staten Island, NY 10312

Frank J. Cilento
(CRD#: 1485262)
C/o Chelsea Financial Service
242 Main St.
Staten Island, NY 10307

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 16th day of May, 2012 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an order shall be entered revoking Frank J. Cilento's (the "Respondent") registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E (4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

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 February 7, 2012 FINRA entered LETTER OF ACCEPTANCE, WAIVER AND CONSENT ("AWC" or "Order") submitted by the Respondent regarding Disciplinary Proceeding No. 20090196911204 which sanctioned the Respondent as follows:
 - a) A 4-month suspension from association with any FINRA member firm in any capacity;

- b) A fine of \$10,000; and
- c) Disgorgement of \$5,100 of Agape-related compensation to the court-appointed chapter 7 trustee in the matter involving Agape debtors, Case 8-09-70660-dte.

3. That the Order found:

FACTS AND VIOLATIVE CONDUCT

Cilento Borrowed Customer Funds

In May 2007, Cilento invested \$20,000 of his own money in Agape through an individual associated with Agape who was his client. Thereafter, he and another broker jointly borrowed \$236,000 from two Park Avenue customers in order to make an additional investment in Agape. Shortly after the Agape scheme collapsed, Cilento and the other broker fully repaid the customers. Park Avenue's procedures expressly prohibited borrowing money from clients. Accordingly, Cilento violated NASD Rules 2370 and 2110.

Cilento Failed to Disclose Private Securities Transactions

Also, starting in 2007, Cilento referred fourteen individuals, including ten Park Avenue customers to Agape. In return for arranging these transactions, Cilento received a total of \$5,100 in compensation. Cilento neither provided his firm with written notice of his investments and his referrals, nor received from his firm written authorization to engage in these transactions. Accordingly, Cilento violated NASD Rules 3040 and 2110.

- 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 FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
- 6. 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.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Notice of Hearing

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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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.

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

Dated: This 15th day of March 2012.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Hearing Officer:
James L. Kopecky:
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Chicago, Illinois 60601