

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

IN THE MATTER OF: JOHN C. NORI)
_____)

FILE NO. 1100277

NOTICE OF HEARING

TO THE RESPONDENT:

John C. Nori (CRD#: 2505172)
1188 Rochelle Park Drive
Rochester Hills, Michigan 48309

John C. Nori (CRD#: 2505172)
C/o Sagepoint Financial, Inc.
2800 North Central Ave. suite 2100
Phoenix, Arizona 85004-1072

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 23rd day of November, 2011 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 denying John C. Nori'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 on June 17, 2011, Inc., a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on August 25, 2009 FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. 2008012093801 Which sanctioned the Respondent as follows:

- a. Three month suspension from acting in any and all capacities with any FINRA member firm;
 - b. Concurrent suspension of six months from any supervisory duties;
 - c. Prior to beginning any supervisory position, a re-examination for the Series 9 and 10 licenses; and
 - d. \$5,000 fine.
3. That the AWC found:

OVERVIEW

This investigation arose as a spin-off referral, dated December 1, 2005, from the Division of Member Firm Regulation ("MFR") of NYSE Regulation, Inc. ("NYSE Regulation") of certain exceptions related to MFR's 2005 examination of the Firm's supervisory standards and sales practice procedures.

At one of the Firm's branch offices, the Respondent's responses to inquiries mislead NYSE Regulation examiners. Specifically, Enforcement's investigation disclosed that during 2005 while serving as Financial Advisor in Charge, and at the request of his immediate supervisor, the Respondent, either possessing personal knowledge to the contrary or after learning information to the contrary, knowingly failed to correct NYSE Regulation examiners' belief that Merrill Lynch did not employ any cold-callers at the Firm's Clinton Township branch office. In effect, the Respondent denied to NYSE Regulation examiners that the branch office employed non-registered cold-callers and that they used telemarketing scripts when in fact there were interns at the branch who were engaged in those activities. In an attempt to obfuscate the facts and mislead the NYSE Regulation examiners, the Respondent also instructed staff at the branch office that, if asked, the branch office employees were to tell the NYSE Regulation examiners that there were no approved interns employed at the branch office. By virtue of *this* conduct, the Respondent violated NASD Rule 2110, in that he failed to observe high standards of commercial honor and just and equitable principles of trade.

FACTS AND VIOLATIVE CONDUCT.

- a. In June 2005, NYSE Regulation examiners visited Merrill Lynch's Clinton Township, Michigan branch office (hereinafter "Clinton Township" or the "Branch Office") to conduct a routine sales practice and operational branch examination of the Firm.
- b. While on-site at the Branch Office, the NYSE Regulation examiners inquired whether there were any non-registered cold-callers and whether such individuals used telemarketing scripts at the Branch Office. In certain instances, interns are used in the securities industry to engage in cold-calling for member firms. Member firms, however, are required to

approve the use of interns via an employment screening process. In this case, the Branch Office used unapproved interns who engaged in cold-calling.

- c. Enforcement's investigation revealed that in response to the inquiries, the Respondent, at the request of his immediate supervisor, instructed staff at the Branch Office that, if asked, the Branch Office employees were to tell the NYSE Regulation examiners that there were no approved interns employed at the Branch Office.
- d. The NYSE Regulation examiners were unaware of the existence of the unapproved interns at the Branch Office.

On July 30, 2007, the Division of Member Firm Regulation, Inc., a portion of the Division of Enforcement of NYSE Regulation, Inc., and the NASD merged to form the Financial Industry Regulatory Authority (FINRA). Hereinafter this entity will be referred to as "Enforcement".

- e. Enforcement's investigation subsequently disclosed that the Respondent in fact used unapproved interns as non-registered cold-callers at Clinton Township. Thus, by claiming that there were no approved interns at the Branch Office, the Respondent affirmatively failed to disclose to NYSE Regulation examiners that there were nonregistered cold-callers employed at the Branch Office.
 - f. The Respondent's omission mislead the NYSE Regulation examiners to believe that no nonregistered cold-callers were employed at the Branch Office when, in fact, the Branch Office employed unapproved interns as non-registered cold-callers.
 - g. By virtue of the foregoing conduct, the respondent violated NASD Conduct Rule 2110 by engaging in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in that, while either possessing personal knowledge to the contrary or after learning information to the contrary, he failed to fully and accurately disclose to NYSE Regulation examiners that Merrill Lynch employed non-registered cold-callers at Firm's Clinton Township branch office.
- 4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration Of a salesperson may be denied 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.

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

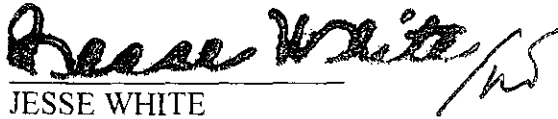
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed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

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 September, 2011.



JESSE WHITE
Secretary of State
State of Illinois

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Hearing Officer:
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