STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: WILLIAM J. MURPHY) FILE NO. 1100460

NOTICE OF HEARING

TO THE RESPONDENT: William J. Murphy (CRD#: 1437987)
14420 South Long Avenue
Midlothian, Illinois 60445

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 25th day of January, 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 William J. Murphy's (the "Respondent") registration as a salesperson and investment adviser representative 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 and investment adviser representative in the State of Illinois pursuant to Section 8 of the Act until November 8, 2011.

2. That on October 20, 2011 the National Adjudicatory Council ("NAC"), Financial Industry Regulatory Authority affirmed the Findings contained in the May 6, 2010 Hearing Panel Decision ("HPD") regarding Complaint No. 2005003610701. The NAC modified the HPD's sanctions upon the Respondent to reflect the following:

   a. barred in all capacities;

   b. fined $585,174.67, an amount that represents disgorgement;

   c. pay $9,503.17, jointly and severally, in hearing costs; and

   d. pay $3,510.80 in appeal costs, jointly and severally.

3. That the Decision found:

   The Hearing Panel considered a nine-cause complaint involving other parties and matters and which also addressed the Respondent's handling of two customer accounts. The Hearing Panel found that the respondent: (a) engaged in discretionary trading without written authorization from his clients or the Firm, in violation of NASD Rules 2510(b), 2860(b)(18), and 2110 (cause one of the Complaint); (b) engaged in excessive and unsuitable trading, in violation of NASD Rules 2310, 2860, and 2110, and IM-2310-2 (cause two of the Complaint); (c) churned customers' accounts, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), Rule 10b-5 thereunder, and NASD Rules 2120, 2310, 2110 and IM-2310-2 (cause three of the Complaint); (d) traded beyond the approved level in a customer's account and engaged in unauthorized trading, in violation of NASD Rule 2110 (cause four of the Complaint); and (e) caused the creation and distribution of inaccurate, unbalanced, and misleading communications, in violation of NASD Rules 2210, 0220, and 2110 (cause five).

Factual Synopsis:

The Respondent effected trades in the accounts of public customers without obtaining customers' specific authorization for the trades and without having obtained prior written authorization from customers and prior written acceptance by his member firm of the customers' accounts as discretionary accounts. The complaint alleges that the respondent recommended and executed transactions in the accounts of customers that were unsuitable and excessive in size and frequency in view of customers' financial situation and investment objectives. The complaint also alleges that, in pursuing the aggressive trading strategy in the accounts of customers, the respondent acted with intent to defraud or with reckless disregard for the customers' best interest, for purpose of generating commissions. In addition, the complaint alleges that the respondent recommended, effected and maintained uncovered options positions in customer's accounts and in effecting the uncovered trades, he traded beyond the levels authorized by the customer and approved by his supervisor. Moreover, the complaint alleges that the respondent caused written communications that were inaccurate, misleading or otherwise unbalanced, to be created and subsequently distributed to a customer.

4. That Section 8.E (1)(j) of the Act provides, inter alia, that the registration of a salesperson and investment adviser representative may be revoked if the Secretary of State finds that such salesperson or investment adviser representative 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 8.E(1)(j) of the Act.

6. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson or investment adviser representative becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.

7. That by virtue of the foregoing, the Respondent's registration as a salesperson and investment adviser representative in the State of Illinois are subject to revocation pursuant to Sections 8.E(1)(j) and 8.E(3) of the Act.

You are further notified that you are require 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 day 8th of January 2011.

Jesse White /ls

JESSE WHITE
Secretary of State
State of Illinois

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Hearing Officer:
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