

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

IN THE MATTER OF: ALAN J. NERAD)
_____))

FILE NO. 1000197

NOTICE OF HEARING

TO THE RESPONDENT: Alan J. Nerad (CRD#: 4646364)
11 Friar Truck Court
Lincolnshire, Illinois 60069

You are hereby notified that pursuant to Section 11.E 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 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 22nd day of December, 2010, at the hour of 10:00 a.m., or as soon as possible thereafter, before , Soula J. Spyropoulos, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether Revocation of the registration of Respondent Alan J. Nerad as a registered investment adviser representative, in accordance with Sections 8.E(1)(g), and 8.E(1)(o) of the Illinois Securities Law, as amended ("Act"). Prohibition of the Respondent from offering or selling securities in or from the State of Illinois, in accordance with Sections 11.E(2) and 12.E of the Act. Imposition of fines not to exceed \$10,000 against the Respondent for each violation of the Act described below; entry of orders of public censure; and charging costs of the investigation and all reasonable expenses, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

1. Respondent Alan J. Nerad ("Nerad") is a natural person with a last known address of 11 Friar Tuck Court, Lincolnshire, Illinois 60069.
2. Respondent Nerad is licensed by the Illinois Department of Securities, Secretary of State ("IDS") as a registered investment adviser representative since April 29, 2003.
3. Respondent Nerad is employed by Securian Financial Services, Inc. as a registered investment adviser representative since March 18, 2003.

COUNT I: FALSE OR MISLEADING REGISTRATION APPLICATION

Failure To Disclose Tax Lien On The U4 Form

1. On December 31, 2007, Respondent Nerad, in his capacity as an Illinois-registered investment adviser representative, made false statements to the Illinois Secretary of State in his investment adviser representative registration application, statements that failed to disclose that Nerad had a tax lien entered into by the Illinois Department of Revenue.
2. An investment adviser registered in the State of Illinois that wished to register as an investment adviser representative in the State must file an application with the Secretary of State. The investment adviser representative is required to provide the application to the investment adviser, executed, verified, or authenticated by the investment adviser representative, and setting forth the information required by Section 8.D-5 of the Act. 815 ILCS 5/8.D-5.
3. The investment adviser representative application includes filing a "Uniform Application for Securities Industry Registration or Transfer ("Form U4"), utilizing the Central Registration Depository ("CRD") administered by the Financial Industry Regulatory Authority. 14 Ill. Adm. Code 130.839(a).
4. The CRD is instrumental in protecting the investing public from unscrupulous securities brokers and financial advisors. A registrant's CRD profile provides to the public information on the disciplinary history of the registrant, unsatisfied judgments, customer complaints against the registrant, as well as civil and regulatory actions that have been filed against the registrant.
5. The investing public can access CRD profiles to assist in making a decision on whether to retain a salesperson or financial advisor. The regulators of the securities industry can use the information registrants provide in their CRD profiles to better identify potential threats to the investing public. It is the responsibility of the registrant to update the information on his or her profile by truthfully answering Disclosure Questions presented on a registrant's U4 Form.
6. Since December 31, 2007 to the present, Respondent Nerad failed to disclose on the U4 Form the existence of a tax lien entered against the Respondent Nerad by the Illinois Department of Revenue in the amount of \$3,974.16.
7. The relevant portion of the U4 Form states the following:
 - a. Do you have any unsatisfied judgments or liens against you?
8. On December 31, 2007, this tax lien that was entered into the by the Illinois Department of Revenue was approximately three years after his initial registration on the CRD.

9. On April 15, 2010, the Respondent amended his application to reflect a tax lien in the amount of \$1,115.97. To date, the Respondent has failed to include the total balance of \$3,974.16.
10. As a result, the above-mentioned omissions of fact address the competency and the financial capabilities of the Respondent to act as a registered investment adviser representative.
11. 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 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.
12. By failing to disclose the existence of the tax lien listed above, Respondent violated section 12.E of this Act.

COUNT II

FAILURE TO PAY ANY TAX, PENALTY, OR INTEREST ADMINISTERD BY THE ILLINOIS DEPARTMENT OF REVENUE

13. On December 31, 2007, the Illinois Department of Revenue issued a Notice of Tax Lien in the amount of \$3,974.16 against the Respondent Nerad. The status of the tax lien is "active."
14. That Section 8.E(1)(o) of the Act provides, inter alia, that the registration of an investment advisor representative or a salesperson may be denied if the Secretary of State finds that such investment advisor representative or salesperson has failed to file a return, or to pay the tax, penalty or interest shown in a filed return, or to pay any final assessment of tax, penalty or interest, as required by any tax Act administered by the Illinois Department of Revenue, until such time as the requirements of that tax Act are satisfied.
15. That Section 8.E(1)(g) of the Act provides that the registration of a salesperson may be revoked or suspended if he has violated any of the provisions of this Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 111. Adm. Code 130) ("the rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Maria Pavone
Enforcement Attorney
Illinois Department of Securities
69 West Washington, Suite 1220
Chicago, Illinois 60602

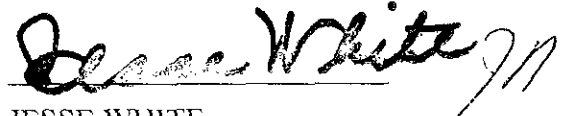
Notice of Hearing

4

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 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. Unless the Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>. Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 15th day of October 2010.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish or initials.

JESSE WHITE

Secretary of State

State of Illinois

Attorney for the Secretary of State:

Maria A. Pavone

Office of the Secretary of State

Illinois Securities Department

69 West Washington Street, Suite 1220

Telephone 312-793-3384

Hearing Officer:

Soula Spyropoulos

4125 West Lunt Street

Lincolnwood, Illinois 60712