

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: WILLIAM D. COLSTON)

FILE NO. 1000388

NOTICE OF HEARING

TO THE RESPONDENT:

William D. Colston
(CRD #: 2944696)
4520 Peet Road
Chesaning, Michigan 48616

William D. Colston
(CRD #: 2944696)
C/o Founders Financial Securities LLC
1020 Cromwell Bridge Road
Towson, Maryland 21286

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 22nd day of December, 2010 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 William D. Colston'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 September 22, 2010, Founders Financial Securities LLC., 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 March 5, 2010, FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. 2008012057401 Which sanctioned the Respondent as follows:

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- a. suspension from acting in any and all capacities with any member of FINRA for three (3) months, and
 - b. fined \$10,000.
3. That the AWC found:

OVERVIEW

From September 24, 2006 to December 11, 2007, the Respondent engaged in outside business activities without providing prompt written notice to the Member (his employing firm). During that period, he sold equity-indexed annuities ("EIAs") to 22 investors, with a total principal value of \$1,304,492.83. He received compensation from these sales of approximately \$111,000. These acts violated NASD Conduct Rules 2110 and 3030.

FACTS AND VIOLATIVE CONDUCT

From September 24, 2006 to December 11, 2007, the Respondent, while employed by the Member (employing firm), engaged in outside business activities, in that he acted on behalf of two insurance companies that were not affiliated with the Member, and engaged in sales to customers of EIAs, for which he received compensation. He engaged in sales of EIAs to a total of 22 customers, involving a total principal invested of \$1,304,492.83. For these sales he received a total of approximately \$111,000 in compensation as commissions. He engaged in these transactions after the Member specifically instructed him on September 18, 2006 that he was prohibited from selling EIAs. In addition, in or about December 2006, he verified that he understood that the Member did not allow the sale of EIAs and he agreed that he would not sell them going forward. He accepted compensation from the two insurance companies for the sales of EIAs to members of the public without giving prompt written notice to the Member, in violation of NASD Conduct Rules 2110 and 3030 by him.

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.

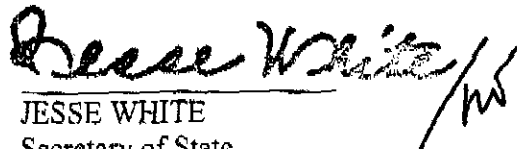
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed 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 21st day of October 2010.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Hearing Officer:
James L. Kopecky