

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

IN THE MATTER OF: CHI TU CHOW)
_____)

FILE NO. 1000160

CONSENT ORDER OF DISMISSAL

TO THE RESPONDENT:

Chi Tu Chow
(CRD #: 4727691)
126 Barcelona Drive
Boulder, Colorado 80303

Chi Tu Chow
(CRD #: 4727691)
C/o Macquarie Capital, Inc.
125 West 55th Street, Level 22
New York, New York 10019

Chi Tu Chow
(CRD #: 4727691)
C/o Andrew I. Friedman Attorney At Law
1355 S. Colorado Boulevard Suite 600
Denver, Colorado 80222

WHEREAS, Respondent on the 4TH day of August 2010 executed a certain Stipulation to Enter Consent Order of Dismissal (the "Stipulation"), which hereby is incorporate by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated May 13, 2010, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Dismissal "Consent Order").

Consent Order of Dismissal

2

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That on March 22, 2010, Macquarie Capital, 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 January 7, 2010 FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. 20070094832001 which sanctioned the Respondent as follows:
 - a. suspension from acting in any and all capacities with any FINRA member firm for one month; and
 - b. fined \$15,000.
3. That the AWC found:

OVERVIEW

From December 2006 through February 2007 (the "relevant period"), the Respondent, while employed as a research analyst at Merrill Lynch wrongfully shared earnings estimates, projected price targets and buy recommendations with certain institutional clients and certain Merrill Lynch employees in contravention of Merrill Lynch's written policies regarding the disclosure of potentially market sensitive information. The Respondent's disclosure of his research opinions, which potentially represented market sensitive information, was contrary to Merrill Lynch's written policies and procedures and inconsistent with just and equitable principles of trade and high standards of commercial honor, in violation of NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

During the relevant period, the Respondent was preparing to issue research coverage for Merrill Lynch on five oil and gas industry stocks. Shortly after starting his employment at Merrill Lynch, and continuing throughout the relevant period, the Respondent wrongfully shared earnings estimates, projected price targets and buy recommendations with certain institutional clients and certain Merrill Lynch sales and trading employees in contravention of Merrill Lynch's written policies and procedures concerning the disclosure of potentially market sensitive information.

The Respondent disclosed the potentially market sensitive information about the specific companies he was covering in his role as a research analyst for the Firm. The Respondent disclosed this information through numerous e-mails sent to certain institutional clients of the Firm and certain Merrill Lynch sales and trading employees while he was preparing research reports covering these same securities. The information disclosed through these e-mails was contained in draft research reports that the Respondent was preparing and such information was ultimately disseminated publicly through the issuance of the Respondent's research reports published by Merrill Lynch on March 5, 2007.

Merrill Lynch's written policies specifically prohibited such disclosure of potentially market sensitive information prior to the issuance of a research report concerning the same. According to the Firm's written policies, employees are required to keep confidential "[k]nowledge of pending recommendations, estimates or price objectives m ***because the release of such information may have a material effect on the price of a security or financial instrument." Merrill Lynch's policies referred to such information as "market-sensitive information." The Firm policies further stated that "[i]nitial research reports, or changes in current opinions or other recommendations, estimates or price objectives, are considered to be market-sensitive information." Finally, Merrill Lynch's written policies prohibited "the disclos[ure]" by any means to anyone, either inside or outside the Firm, "[t]he content of pending research reports, recommendations, estimates and price objectives and decisions to issue research reports or comments[.]" Merrill Lynch employees were prohibited, prior to the issuance of a research report, from releasing "initial equity opinions or recommendations ..., changes in current equity opinions or recommendations ...or other material information concerning a company or issuer..., securities or financial instruments [that] may affect the price of individual securities or financial instruments."

The Respondent's disclosure of earnings estimates, price targets and buy recommendations to certain institutional clients and certain Merrill Lynch employees prior to the issuance of his research reports was in contravention of Merrill Lynch's written policies and procedures concerning the disclosure of potentially market sensitive information and such conduct is inconsistent with just and equitable principles of trade and high standards of commercial honor.

As a result of the foregoing conduct, the Respondent violated NASD Conduct Rule 2110.

Consent Order of Dismissal

4

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, inter alia 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.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

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.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of One Thousand Dollars (\$1,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand Dollars (\$1,000.00). Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund and represents reimbursement to cover the cost incurred during the investigation of this matter.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he will continued to abide by and conform with all of the terms and conditions contained in the February 22, 2010 heightened Supervision Agreement between him and his employing firm.

Consent Order of Dismissal


5

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent is levied costs of investigation in this matter in the amount of One Thousand Dollars (\$1,000.00, payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on August 6th, 2010 has submitted One Thousand Dollars (\$1,000.00) in payment thereof.
2. The Respondent shall continued to abide by and conform with all of the terms and conditions contained in the February 22, 2010 heightened Supervision Agreement between him and his employing firm.
3. The Notice of Hearing dated May 13, 2010 is dismissed.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED- This 6th day of August 2010.


JESSE WHITE
Secretary of State
State of Illinois

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