

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

IN THE MATTER OF:

Dean Waters; and

Chris Gilley.

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) **File No. 07-00549**
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NOTICE OF HEARING

TO THE RESPONDENTS:

Dean Waters
2020 West State Street
Janesville, WI 53546

Chris Gilley
1902 Hancock Street
Rockford, Illinois 61103

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing is scheduled to be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 10th day of September 2008, at 10:00 AM, or as soon thereafter as counsel may be heard, before George P. Berbas, Esq., or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered granting such 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.F 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. Respondent Dean Waters (“Respondent Waters”) is a natural person and a licensed Insurance Producer with a last known address 2020 West State Street, Janesville, WI 53546.
2. Currently, Respondent Waters is neither authorized to offer or sell securities, nor is he registered as an investment adviser representative, in the State of Illinois. Respondent Waters was last registered to sell securities in the State of Illinois in September of 2006.
3. Respondent Chris Gilley (“Respondent Gilley”) is a natural person and a licensed Insurance Producer with a last known address of 1902 Hancock Street, Rockford, Illinois 61103.
4. Respondent Gilley is neither authorized to offer or sell securities, nor is he registered as an investment adviser representative, in the State of Illinois.
5. In or about February of 2007, Respondents Waters and Gilley made an unsolicited visit to the home of Investor A, an Illinois resident. At the time, Respondent Gilley was a trainee.
6. Investor A invested \$8,478.04 into a nonqualified deferred annuity recommended by Respondents Waters and Gilley.
7. Upon the recommendation of Respondents Waters and Gilley, Investor A sold the securities in her possession in the amount of \$64,299.60 in order to purchase an annuity recommended by Respondents Waters and Gilley. Respondents informed Investor A that the annuity they offered was better suited for her than the securities she held at that time.
8. Respondents Waters and Gilley, without being registered, provided advice to Investor A in connection with the sale of a variable annuity.
9. Investor A was senior citizen, aged seventy-eight (78) years old and living on a limited income at the time of her investment in the annuity, which had a ten (10) year surrender

penalty period. Respondents Waters and Gilley put almost all of Investor A's life savings, absent a \$2,000 savings account, in the annuity which they sold to her.

10. The activities of Respondent Waters, described above, constitute the activity of an investment adviser representative.
11. The activities of Respondent Gilley, described above, constitute the activity of an investment adviser representative.
12. Section 8 of the Act provides, *inter alia*, that all investment advisers and investment adviser representatives, except as otherwise provided, shall be registered with the Secretary of State.
13. At all relevant times, Respondents Waters and Gilley failed to file an application for registration as an investment adviser representative with the Secretary of State.
14. Section 12.C of the Act provides, *inter alia*, that it shall be a violation for any person to act as an investment adviser or investment adviser representative, unless registered as such.
15. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
16. By virtue of the foregoing, Respondents Waters and Gilley have violated 12.C and 12.D of the Act.
17. Respondents' recommendation to Investor A to sell the securities in her possession constituted conduct of an investment adviser as defined in the Act.
18. The activities described above constitute the sale by Respondents Waters and Gilley of a security, as those terms are defined in Sections 2.1, 2.5, and 2.5a 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, special appearance, or other responsive pleadings to the allegations 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 appear shall constitute a default by you.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at <http://www.ilga.gov/commission/jcar/admincode/014/01400130sections.html>, or upon request.

Delivery of Notice to the designated representative of the Respondent constitutes service upon such Respondent.

Dated: This 16th day of July, 2008.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized monogram "JW".

Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Hearing Officer:
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