

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)

Timothy Knauf)
(CRD# 1902373), d/b/a)
Midwest Financial Associates)

File No: 1300029)

NOTICE OF HEARING

TO THE RESPONDENT:

Timothy Knauf
(CRD# 1902373)
555 S. Perryville Road
Rockford, IL 61108

Midwest Financial Associates
555 S. Perryville Road
Rockford, IL 61108

You are hereby notified in accordance with Sections 8.E and 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, that a public hearing will be held at the Secretary of State's office at the office of the Illinois Securities Department, 69 W. Washington Street, Suite 1220, in Chicago, Illinois 60602, on March __, 2013 at the hour of 10:00 or as soon thereafter as possible before a hearing officer who shall be presiding at that time.

Said hearing will be held to determine whether an Order shall be entered pursuant to Section 11.F of the Act sanctioning the Respondent 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 of the Act, payable within thirty (30) days of the entry of the Order.

1. The grounds for such proposed action are as follows:
Respondent **Timothy Knauf** ("Knauf") is an individual with last known addresses of 555 S. Perryville Road Rockford, IL 61108.

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2. Knauf is the President of Midwest Financial Associates, Inc. ("Midwest"), an investment adviser registered with the State of Illinois. Knauf is the sole investment adviser representative of Midwest.
3. Knauf was also previously registered as a securities salesperson in the State of Illinois
4. FINRA is a private, non-governmental organization that is registered with the United States Securities and Exchange Commission as a self-regulatory organization pursuant to the Securities Exchange Act of 1934.
5. Section 12 (D) of the Illinois Securities Law of 1953 [815 ILCS 5/1 et.seq] ("the Act") states, *inter alia*, that it shall be a violation of the provision of this Act 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof:

Knauf did not timely disclose the notice (commonly known as a WELLS letter) that he received from FINRA regarding the commencement of a proceeding on his individual registration or on Midwest's Form ADV.

6. In order to resolve an investigation initiated by FINRA, Knauf submitted a Letter of Acceptance, Waiver and Consent ("AWC") to FINRA that was accepted on February 5, 2013. Although Knauf neither admitted nor denied the allegations, the AWC established the following facts and violative conduct:
 - a. **Knauf received payments for referring clients to Crawford Assot Management ("CAM"), a registered investment adviser; and**
 - b. **Knauf did not directly or promptly inform First Heartland Capital, a registered broker-dealer with whom he associated, of his referrals to CAM**
7. In submitting the AWC to FINRA, Knauf consented to a suspension from associating with any FINRA member firm in any and all capacities for a period of 60 days and a \$5,000 fine.
8. Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of an investment adviser representative may be suspended or revoked if the Secretary of State finds that such investment adviser representative has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, revoked, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner arising from any fraudulent or deceptive

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act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.

9. By virtue of the foregoing, Respondent Timothy Knauf and Midwest Financial Associates, Inc. are subject to sanctions pursuant to Sections 8.E(1)(j) of the Act.
10. Section 11.F(7) of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq*] ("the Act") states, *inter alia*, that whenever the Secretary of State finds that a person is currently expelled from, refused membership in or association with, or limited in any material capacity by a self-regulatory organization registered under the Federal 1934 Act or Federal 1974 Act because of a fraudulent or deceptive act or a practice in violation of a rule, regulation, or standard duly promulgated by the self-regulatory organization, the Secretary of State may, at his or her discretion, enter a Summary Order of Prohibition, which shall prohibit the offer or sale of any securities by the person in this State.
11. By virtue of the foregoing, Knauf is subject to sanctions pursuant to Section 11.F(7) of the Act.

NOTICE: 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 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 the Department's website at:
<http://www.cyberdriveillinois.com/departments/securities/lawrules.html>, or on request.

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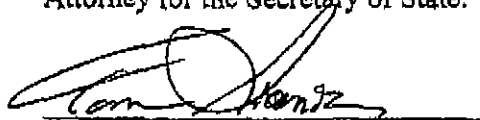
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Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 28th day of March, 2013.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:



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