

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF TIMOTHY J. DUMA

FILE NO. 0500427

NOTICE OF HEARING

TO THE RESPONDENT: Timothy James Duma
Morgan Peabody, Inc.
6300 Hobson Rd.
Downers Grove, Illinois 60516

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 21st day of June, 2006 at the hour of 10:00 a.m. or as soon as possible thereafter, before George Berbas, 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 revoking Timothy J. Duma'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 at all relevant time, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act, until August 8, 2005.
2. That on September 28, 2004, NASD entered a decision regarding Disciplinary Proceeding No. C8A030099, which barred Respondent from association with any member of NASD, in any capacity.

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3. That NASD found that the Respondent: 1) failed to notify his employer in writing that he had opened a securities account at another firm, and failing to notify the firm at which he opened the new account that he was associated with an NASD member firm, in violation of NASD Conduct Rules 3050(c) and 2110; 2) misrepresented his employment status on a new account application, in violation of NASD Conduct Rule 2110; and 3) testified untruthfully about his use of the new account during an on-the-record interview, in violation of NASD Conduct Rule 2110 and NASD Procedural Rule 8210.
4. That on October 27, 2005 pursuant to NASD Procedural Rule 9311(a), Respondent appealed the September 28, 2004, Hearing Panel decision barring him from associating with any member firm in any capacity for various violations of NASD rules
5. That the National Adjudicatory Council affirmed the Hearing Panel's findings that Respondent violated NASD Conduct Rules 2210, 3030, 3050(c) and 2110 and NASD Procedural Rule 8210. They reversed the Hearing Panel's finding that Duma violated NASD Rule 2210 because of the failure to file an advertisement and sales literature with NASD's Advertising Regulation Department. Accordingly, they affirmed the Hearing Panel's Order that Respondent be barred from associating with any member firm in any capacity
6. That Section 8 E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked 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. That NASD is a self-regulatory organization as specified in Section 8 E(1)(j) of the Act. 6.
7. That Section 8 E(3) of the Act provides inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective

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8. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Sections 8 E(1)(j) and 8.E(3) of the Act, effective August 8, 2005

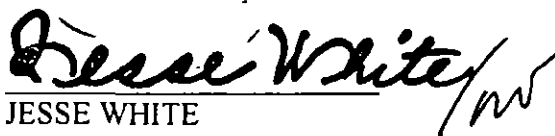
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130)(the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time 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 17th day of April 2006.


JESSE WHITE
Secretary of State
State of Illinois

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