

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: ANTHONY M. QUIRINI

FILE NO. 050035

NOTICE OF HEARING

**TO THE RESPONDENT:** Anthony M. Quirini  
(CRD#: 369593)  
551 Kenilworth Avenue  
Kenilworth, Illinois 60043-1025

C/o David A. Noyes & Company  
208 South LaSalle Street  
Suite 610  
Chicago, Illinois 60604-1203

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 18<sup>th</sup> day of January, 2006 at the hour of 10:00 a.m. or as soon as possible thereafter, before Soula J. Spyropoulos, 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 Anthony M. Quirini's (the "Respondent") registration as a salesperson and investment advisor representative 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 times, the Respondent was registered with the Secretary of State as a salesperson and investment advisor representative in the State of Illinois pursuant to Section 8 of the Act.

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2. That on June 23, 2005 NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C8A050058 which sanctioned the Respondent as follows:
  - a. a joint and several fine (with Respondent's employing firm) of \$10,000; and
  - b. suspended from association with any member of NASD in any capacity for ten (10) business days.
  
3. That the AWC listed the following background information:
  - a. David A. Noyes ("Member") became a member of NASD in 1939, and became registered with the Securities and Exchange Commission ("SEC") in 1978. The Member conducts a general securities business on a fully disclosed basis. The Member's membership with NASD and registration with the SEC remain currently in effect. The Member has no recent history of disciplinary action by NASD.
  
  - b. The Respondent entered the securities industry in 1970 as a General Securities Representative of a former member of NASD. He became registered as a Sales Supervisor of a former member of NASD in 1985. On September 8, 1994, he became registered in such capacities with the Member, and remains registered with the Member in such capacities. In September 1995, NASD accepted an Offer of Settlement from the Respondent under which he was found to have violated Article III, Sections 1 and 35 of NASD Rules of Fair Practice and Section 8 of the Government Securities Rules, in that he prepared and delivered to members of the public, sales literature that contained reports on the performance of stock that were exaggerated, unwarranted and misleading; and, made exaggerated, unwarranted or misleading statements about collateralized mortgage obligations and certificates of deposit or omitted to state material facts which in light of the context of the references to, and recommendations about the investments, would cause his statements to be misleading. Under the Decision and Order of Acceptance of the Offer of Settlement, Quirini was censured, fined \$2,500 and required to submit all of his advertising and sales literature to NASD Advertising Department for approval prior to use for a period of one year from the date of the decision accepting the Offer of Settlement.

4. That the AWC found:
  - a. In May 2000, August 2000, November 2000, May 2001, November 2001, June 2002 and September 2002 the Respondent, prepared and distributed to about 2,500 members of the public, sales literature in the form of form letters ("Form Letters").
  - b. The Respondent violated NASD Conduct Rules 2110 and 2210(d)(1)(B) when he created and distributed Form Letters which contained statements that he could sell specific investments that provided "safety" and "security," because they were misleading, in that they exaggerated the safety of the products, and failed to reflect the risks of fluctuating prices and the uncertainty of rates of return and yield inherent in all investments. For example, all seven Form Letters contained language, which suggested that the Respondent could provide specific investments that would provide "safety" and security." Further, several included statements, which suggested, "everything will be ok." Such statements also included, but are not limited to, the following:
    - i. "Let us free you of your financial worries." (November 2000 and May 2001 Form Letters);
    - ii. "I like the economy stocks that grow – and will continue to grow – for you, my clients." (May 2000 Form Letter);
    - iii. "...I do feel very strongly that our careful stock selection, expert research techniques, and the Quirini Group's combined 57 years of managing investment portfolios will lead to above average returns for our clients in the future." (May 2000 and August 2000 Form Letters);
    - iv. "What a crazy stock market!...Stay the course. This too will pass." (May 2000 Form Letter);
    - v. "This [First Trust Preferred Income Portfolio] is a 5 year Trust that offers safety, security and income and pays you monthly!" and "this [Municipal Closed End Portfolio] 5 year Trust is built to offer safety, security, and monthly income for you." (November 2001 Form Letter);
    - vi. "...relax and calm down, everything will be O.K., trust me." (November 2001 Form Letter): and,

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- vii. "...don't get discouraged with your stocks, and stock trusts. They will move up." (November 2001 Form Letter).
  
- c. All seven Form Letters failed to provide balanced presentations of the risks and rewards of the products offered. For example, the May 2000 Form Letter listed five high yield preferred stocks based solely on their yields, but failed to provide disclosure of their related risks. These risks included potential fluctuations in share value and possible default, because payment of dividends was based upon the ability of the issuers to pay dividends. Another example is demonstrated in the June 2002 Form Letter, which recommended "variable rate funds" which "adjust their dividends with the underlying rates." The June 2002 Form Letter stated that, "if rates go up, your dividends go up." The June 2002 Form Letter made no reference to the alternative possibility, which is that if rates go down; the investors' dividends may go down. The Respondent violated NASD Conduct Rules 2110, 2210(d)(1)(A) and 2210(d)(1)(D), when he failed to disclose this material information regarding the risks of each of the proposed investments.
  
- d. The May 2000, August 2000, May 2001, June 2002 and September 2002 Form Letters, contained recommendations that readers consider replacing their funds in Certificates of Deposits ("CDs") and/or in money market funds with other securities, such as corporate preferred stock, unit investments trusts, closed end funds and other securities. However, these Form Letters failed to disclose the differences in guarantees, fluctuation of principal and/or return, insurance, liquidity and other investment characteristics, which had to be explained in order to make comparisons between such varying products complete and balanced. For example, CDs and bank money markets are guaranteed, where the investment return and principal value of the alternatives offered fluctuate with changes in market conditions. The Respondent, by creating and distributing these form letters; violated NASD Conduct Rules 2110 and 2210(d)(2)(M) because the letters failed to provide such information; and violated NASD Conduct Rules 2110 and 2210(d)(1)(A) because these form letters failed to provide a sound basis for evaluating the recommendations contained in the letters.
  
- e. The May 2000, August 2000, May 2001, November 2001 and June 2002 Form Letters cited yields and returns without providing adequate information for evaluating them. For example, they often

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do not state whether the yield was in fact a yield to maturity, or a current yield. Further, it was sometimes unclear what period the yield or return covered. The Respondent violated NASD Conduct Rules 2110 and 2210(d)(1)(A), when he made such citation. Some examples of these citations include, but are not limited to, the following:

May 2000 Form Letter:

- i. "Alberta Energy – 9.50% yields;"
- ii. "Delta Airlines – 8 1/8% yields;" and,
- iii. "investments pay around 6 - %% to 6 3/4% tax-free"

August 2000 Form Letter:

- i. "Bank One – 8% 2% yield;"
- ii. Texas Utilities Europe – 9 3/4% yield;" and
- iii. "...investments pay around 6 - %5% to 6 1/4% tax-free."

May 2001 Form Letter:

- i. "Bank One – 8 1/5% yield;"
- ii. "Canadian Occidental Petroleum 8.34% yield;"
- iii. "Commonwealth Edison Finance – 8.48% yield;" and,
- iv. "Texas Utilities Europe – 9 3/4% yield."

November 2001 Form Letter:

- i. "It [First Trust Preferred Income Portfolio Trust]...has a 7.70% yield;" and,
- ii. "It [the Municipal Closed End Portfolio]...yields 6%."

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June 2002 Form Letter:

- i. "the yields is excepted to be over 6%...;" and,
  - ii. "monthly income between 8 and 8% 2%."
- f. The September 2002 Form Letter promoted the Nuveen Preferred Income Fund 2, based on the performance of the original Preferred Income Fund, when it stated that it "was an astounding success," and that, "the offering price was \$15 per share, with an 8 ¼% dividend, and is now trading...at \$15.40." By making this statement, the Respondent violated NASD Conduct Rules 2110 and 2210(d)(1)(B), because the statement was highly misleading in that it implied that investors will receive similar results from the purchase of the new fund.
- g. The May 2000, August 2000, May 2001, November 2001, and June 2002 Form Letters recommended a variety of stocks, including, but not limited to America Online, Intel, WorldCom, Dell, Qualcomm, Bristol Myers, Eli Lilly, Johnson and Johnson, Merck, Pfizer, Citigroup, Chase Manhattan, Microsoft and others. In some cases the Respondent recommended these stocks directly, and in other cases his recommendations were prefaced by a statement that "we have specialized in equity trusts that include such names as" or "take a good, look at our Leading Brands Trust," which "hold stocks like... ." In another case he also identified Microsoft as a stock that "we are aggressively buying." All of these statements are recommendations under NASD Conduct Rule 2210. The Respondent violated NASD Conduct Rules 2110 and 2210(d)(2)(B), when he made these recommendations because of the following specific omissions in these Form Letters:
- i. The Form Letters did not include the price of each stock at the time the recommendation was made.
  - ii. The Form Letters did not provide, or offer to furnish upon request, available investment information supporting the recommendation.
  - iii. The May 2000, August 2000 and May 2001 Form Letters contained numerous references to past recommendations, as in the statement, regarding Sprint PCS, that "\$52 – after a 2 for 1 split. We recommended it at 10 ½. It was up

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343% last year.” The May 2001 Form Letter contains the statement “last year I recommended WorldCom. It currently is trading (after a 3 for 2 split) at 18. I continue to recommend WorldCom within its current range.” These Form Letters fail to set forth all recommendations as to the same type, kind, grade, or classification of securities made by a member within the past year. Neither do they offer to provide a list of such recommendation information upon request.

- h. The Respondent violated NASD Conduct Rules 2110 and 2210(e), because the Form Letters fail to conform to all applicable SEC Rules. Specifically, unless these letters were preceded or accompanied by prospectuses for the unit investment trust products referenced, they should have stated, conspicuously, from whom a prospectus containing more complete information may be obtained and that an investor should read that prospectus carefully before investing, as required under SEC Rule 482(a)(3).
5. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson or investment advisor representative may be revoked if the Secretary of State finds that such salesperson or investment advisor representative 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.
6. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
7. That by virtue of the foregoing, the Respondent’s registration as a salesperson and investment advisor representative in the State of Illinois is subject to revocation 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

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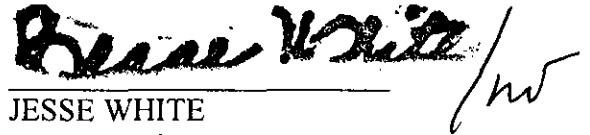
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constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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 16<sup>th</sup> day of November 2005.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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