

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

**IN THE MATTER OF: NICHOLAS A. DENUCCI**

**FILE NO. 0400420**

**NOTICE OF HEARING**

TO THE RESPONDENT: Nicholas A. Denucci  
(CRD#: 1835469)  
2 North Ridge Road  
Denville, New Jersey 07834

C/o Merrill Lynch, Pierce, Fenner & Smith Incorporated  
4 World Trade Center  
New York, New York 10281

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 23rd day of March, 2005 at the hour of 10:00 a.m. or as soon as possible thereafter, before James G. Athas, 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 Nicholas A. Denucci'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 times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on June 3, 2004 NASD entered a Letter Of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C9B040048 which sanctioned the Respondent as follows:
  - a. suspension from association with any member firm in any capacity for fifteen (15) business days; and
  - b. fined \$10,000, which includes disgorgement of commissions of \$2,500.
3. That the AWC found
  - a. From in or about October 2000 through in or about December 2000, the Respondent exercised discretionary authority over the account of Merrill Lynch customer R.G. without prior written authorization of the customer and prior written acceptance of the account as discretionary. As a result of this conduct, the Respondent violated Conduct Rules 2110 and 2510(b) and IM-2310-2.
  - b. From in or about July 27, 1999 through in or about December 9, 1999, the Respondent recommended that R.G. purchase \$462,000 of Class B shares in 12 mutual funds, without reasonable grounds for believing that the Class B shares, as opposed to Class A shares, were suitable for customer R.G. Had the Respondent recommended Class A shares instead of Class B shares, R.G. would have received breakpoints reducing the cost of the front-end sales charges, paid lower on-going expenses and avoided contingent deferred sales charges. As a result of this conduct, the Respondent violated NASD Conduct Rules 2110 and 2310 and IM-2310-2.
4. 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.
5. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

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6. That by virtue of the foregoing, the Respondent's registration as a salesperson 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 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 2nd day of February 2005.

  
JESSE WHITE  
Secretary of State  
State of Illinois

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Attorney for the Secretary of State:  
Daniel A. Tunick  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-3384

Hearing Officer:  
James G. Athas  
180 W. Washington  
Suite 710  
Chicago, IL 60602  
Telephone: (312) 357-2870