

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF:     **JAMES E. ZOGBY**     )

FILE NO. 0400324

**CONSENT ORDER OF CENSURE**

TO RESPONDENT:

James E. Zogby  
(CRD #: 2549557)  
12300 Woodridge Court  
Dunlap, Illinois 61525

c/o First Allied Securities, Inc.  
525 B. Street  
17<sup>th</sup> Floor  
San Diego, California 92186-5549

C/o J. Brent McCauley  
Ungaretti & Harris LLP  
3500 Three First National Plaza  
Chicago, Illinois 60602-4283

WHEREAS, Respondent on the 11th day of April 2005 executed a certain Stipulation to Enter Consent Order of Censure ("Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated August 6, 2004, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Censure ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting nor denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

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

Consent Order of Censure

-2-

Section 8 of the Act. He also serves as one of his employing firm's Designated Illinois Principals.

2. That on December 31, 2003 NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding FILE NO. C8A030106 which sanctioned the Respondent as follows:
  - a. suspended from acting in any principal or supervisory Capacity for a period of 10 business days with any member of the Association; and
  - b. fined \$10,000 jointly and severally with a separate entity.
3. That the AWC found that beginning on or about March 1998 and continuing to March 2000, First Allied and the Respondent failed to reasonably supervise Raymond Beliveau, a registered representative at First Allied's Peoria, Illinois branch office. Raymond Beliveau engaged in a pattern of excessive trading and unsuitable use of margin in two customer accounts over a two-year period, resulting in significant losses to both customers. The failure by First Allied and the Respondent to reasonably supervise representative Raymond Beliveau violated Conduct Rules 2110 and 3010.
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 self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

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.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

1. He shall be censured; and

Consent Order of Censure

-3-

2. He shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashiers check and made to the order of the Office of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.
3. He shall Retake and pass the Series 24 Principal Examination within ten (10) days from the entry of this Consent Order. He shall provide proof of his successful retaking of this examination to the Department within the aforementioned period. In the event he Retake the exam within 10 days and he fails the Exam he agrees he shall retake the Exam within another 10 days and he agrees he shall not act in the capacity of Illinois Designated Principal unless and until he passes the exam.
4. He shall be placed under heightened supervision by First Allied Securities, Inc., his employing dealer.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED:

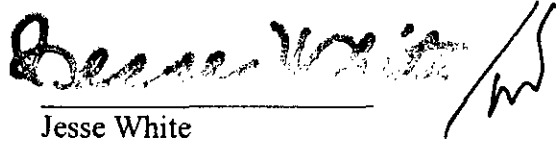
1. James E. Zogby shall be censured.
2. James E. Zogby shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashiers check and made to the order of the Office of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.
3. James E. Zogby shall Retake and pass the Series 24 Principal Examination within ten (10) days from the entry of this Consent Order. He shall provide proof of his successful retaking of this examination to the Department within the aforementioned period. In the event he Retake the exam within 10 days and he fails the Exam he agrees he shall retake the Exam within another 10 days and he agrees he shall not act in the capacity of Illinois Designated Principal unless and until he passes the exam.

Consent Order of Censure

-4-

4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 13<sup>th</sup> day of April, 2005

A handwritten signature in black ink, appearing to read "Jesse White", with a large, stylized flourish extending to the right.

Jesse White  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953 [815 ILCS 5] (the Act). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.