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The grounds for such proposed action are as follows:

1. At all times relevant, the Respondent was an Illinois registered Investment Adviser and Investment Adviser Representative pursuant to Section 8 of the Illinois Securities Law of 1953, 815 ILCS 5/1 et seq. (the "Act").
2. That from on or about January 2003 to on or about July 15, 2004 the Respondent advertised, operated and managed an investment management system under the name of the Super T Asset Management System and currently has about 25 persons participating in the system including the Respondent and some of the Respondent's family members.
3. The Super T Asset Management System was advertised and described to clients and prospective clients ("clients") as an investment advisory program in which the client would invest a minimum of \$25,000 to be managed by the Respondent for a management fee of .75% of assets under management or a minimum of \$250 each half year. Additionally, clients were told that their investment would be invested all in cash or all in one stock of the Respondent's choice. In later contracts, the phrase "all one stock" was replaced with "all one security" or "all one investment."
4. As part of the Super T Asset Management System, clients entered into an investment advisory contract with the Respondent in which they agreed to open brokerage accounts with a third party discount brokerage firm and give authority to the Respondent to execute transactions in these accounts on their behalf. Pursuant to such authority the Respondent executed buy and sell transactions of the security SPY, an exchange traded fund in the form of a Unit Investment Trust listed on the American Stock Exchange.
5. The Respondent mailed, delivered or caused to be delivered to clients advertising material which included performance measurement figures and/or charts for the Super T Asset Management System.
6. The Respondent violated the Illinois Securities Act and its Rules and Regulations in the following matter.

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7. The advertising material referenced in paragraph 5 above contained performance measurements without complying with United States Securities and Exchange Commission Rule 206(4)-1 of the Rules and Regulations Under the Investment Advisers Act of 1940.
8. Additionally, the advertising material was misleading or false because: (a) it did not disclose that the past performance measurements for the Super T Asset Management System were not based upon actual trades but were based solely upon hypothetical recommendations and transactions; (b) failed to disclose that the percentage returns quoted in the material were before any fees paid or transactions costs and that actual returns would be lower; (c) failed to disclose that a quoted annualized rate of return was hypothetical and based upon a projection of a rate of return from 3-4 months and not upon an actual annualized rate of return; and (d) falsely misrepresented that the Super T Asset Management System was a registered or trademarked system when in fact it was not.
9. Failed to disclose material information to clients by: (a) failing to disclose that management fees were negotiable and that some clients were paying a reduced fee or had their fees waived by the Respondent; (b) failing to disclose that the minimum investment amount of \$25,000 in the Super T Asset Management System was negotiable and some clients had invested less; (c) failing to disclose that the security SPY was an Exchange Traded Fund and a Unit Investment Trust and not a stock; and (d) failing to disclose that some participants in the Super T Asset Management System were relatives of the Respondent and were not paying advisory fees and/or had invested less than the minimum investment amount of \$25,000.
10. Respondent entered into some investment advisory contracts with clients which: (a) did not include terms stating that the contract could not be assigned without the consent of the other party; (b) did not reflect that the minimum investment amount had been modified by previous agreement of the parties; and/or (c) identified the incorrect name of the client/party to the contract.
11. For some clients, the Respondent was accepting fees of over \$500 and six or more months in advance but was not complying with Illinois Securities Department Rule 844 and in one case the Respondent billed the client an incorrect

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fee amount resulting in an overcharge to the client of 2.5 times the correct amount.

12. The Respondent provided to clients forms which he requested the client to fill out which stated at the bottom of the forms that: a) "This form is required by the Illinois Securities Department. Thank you for your cooperation."; or (b) "The information requested on this form is required by the Illinois Securities Department. Your cooperation is appreciated." When in fact neither the form nor the information was required by the Illinois Securities Department.
13. Filing a Form ADV with the Department which contained misleading or inaccurate information or omitted material information.
14. That Rule 130.844 of the Rules and Regulations under the Illinois Securities Act, 14 Admin Code 130.100 et seq., provides, inter alia, that each registered investment adviser which accepts prepayment of fees in excess of \$500.00 per client and six (6) or more months in advance shall file [with the Department] a statement of financial condition (balance sheet) and interim financial statement, in such detail as will disclose the nature and amounts of assets and liabilities and net worth of the investment adviser.
15. Section 8.E.1(b) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment adviser representative has engaged in any unethical practice in the offer or sale of securities or in any fraudulent business practice.
16. Section 8.E.1(m) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment adviser representative has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer, limited Canadian dealer,

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salesperson, investment adviser or investment adviser representative.

17. Section 8.E.1(q) of the Act provides, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of an investment adviser or investment adviser representative may be suspended or revoked if the Secretary of State finds that the investment adviser or investment adviser representative has failed to maintain the books and records required under this Act or regulations under this Act or under any requirements established by the Securities and Exchange Commission or self-regulatory organization.
18. By virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes his investment adviser and investment adviser representative registrations in the State of Illinois pursuant to the authority provided under Section 8.E.1(b), (m) or (q) 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, special appearance or other responsive pleading to the allegations outlined above within thirty days of the receipt of this notice. A failure to file an answer, special appearance or other responsive pleading 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.

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Dated this 19<sup>th</sup> day of October, 2004.



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