

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: JAMES E. ZOGBY

FILE NO. 0400324

NOTICE OF HEARING

TO RESPONDENT:

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

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

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 17 North State Street, Suite 1266, Chicago, Illinois 60602, on the 22nd day of September, 2004 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 James E. Zogby'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. He also serves as one of his employing firm's Designated Illinois Principals.

Notice of Hearing

-3-

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.
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 Regulation (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 witness and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.


Notice of Hearing

-3-

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.

ENTERED: This 6th day of August, 2004.


Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Illinois Securities Department
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Hearing Officer:
James G. Athas
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