

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: ARYEH T. GOLDBLOOM

FILE NO. 0300010

NOTICE OF HEARING

TO THE RESPONDENT:

Aryeh T. Goldbloom
(CRD#: 2959600)
6500 N. Albany Avenue
Chicago, Illinois 60645

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 4th day of June 2003, 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 Aryeh T. Goldbloom's (the "Respondent"), registration as a salesperson and as an 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 in the State of Illinois with the Secretary of State pursuant to Section 8 of the Act as a salesperson until September 27, 2001 and as an investment advisor representative until June 13, 2001.
2. That on November 22, 2002, NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C8A020082 which imposed the following sanctions:
 - a. 10 business day suspension; and

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- b. fined \$5,000.
3. That the (AWC) found that from about 1998 to in or about January 2001, the Respondent produced and distributed to at least 32 customers sales literature that contained a personalized illustration (“illustration”) for a variable life insurance product sold through the Member. Each illustration was substantially in the format shown below:

1. Flexible Investment Program
2. Emergency fund
3. Permanent fixed income protection
4. Disability pension plan

Monthly Investment	\$	\$	\$
Investment @ age 65	\$	\$	\$
Cash Value @ age 65	\$	\$	\$
Death Benefit	\$	\$	\$
Monthly retirement income	\$	\$	\$

[Note: The \$ was replaced with a different value for each individual customer illustration.]

The above illustration produced and used by the Respondent was deficient in the following respects:

- a. The illustration was not approved by signature or initial, prior to use or filing with NASD, by a registered principal of the member, in violation of NASD Conduct Rule 2210(b)(1).
- b. The illustration was not filed with NASD Advertising Regulation within 10 days of first use or publication, in violation of NASD Conduct Rule 2210 (c) (1).
- c. The illustration failed to provide the investor with a sound basis for evaluating the facts regarding the securities product offered. Claims that a variable life policy offers features of an “emergency fund”, “permanent fixed income protection” and “annual retirement income” were not accompanied by all material facts regarding the proffered features, as well as any limitations on their availability to the prospective investor, in violation of NASD Conduct Rule 2210(d)(1)(A).
- d. The illustration failed to disclose that it was hypothetical or to provide information explaining how the amounts offered as “cash value at age 65’

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and the annual retirement income at ages 65-100 were derived, in violation of NASD Conduct Rule 2210(d)(1)(A).

- e. The claims that a variable life insurance policy will provide an “Annual Retirement Income” that is “Tax Free” or that the product can be considered an “Emergency Fund” are misleading, in violation of NASD Conduct Rule 2210(d)(1)(B).
 - f. Each illustration included investment predictions and projections of “Cash Value at Age 65” and “Annual Retirement Income Ages 65-100”, in violation of NASD Conduct Rule 2210(d)(2)(n).
4. 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.
 5. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
 6. That Section 8.E(3) of the Act provides inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson or investment advisor representative, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
 7. That by virtue of the foregoing, the Respondent’s registration as a salesperson and as an 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 constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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A copy of the Rules, promulgated under the Act and pertaining to Hearing held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

ENTERED: This 3rd day of April, 2003.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish or initials.

Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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