

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

IN THE MATTER OF: MICHAEL J. MURPHY)
_____)

File No. 0300034

ORDER OF PROHIBITION

TO THE RESPONDENT:

Michael J. Murphy
17332 South Parker Road
Homer Glen, Illinois 60441-9738

c/o Michael Monico
Monico, Pavich & Spevack
20 South Clark Street Suite 700
Chicago, Illinois 60603

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on February 11, 2003 which prohibited Michael J. Murphy (the "Respondent") from offering or selling securities in or from the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondent has failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

1. Michael J. Murphy ("Respondent") is an individual whose last known address is 17332 South Parker Road, Homer Glen, Illinois 60441-9738.

2. Between at least 1997 and the present (“the Period”) Respondent sold interests in a pooled Blind Trust (“Blind Trust”) to more than five Illinois residents (“Investors”), who invested altogether over \$1 million during the Period.
3. Respondent represented himself as the manager of the Blind Trust and induced the Investors to purchase by promising them high returns on their investment, with their principal plus 3% guaranteed. Respondent’s managerial fee was to be 1% of the value of the Blind Trust.
4. Respondent pursued relationships with the Investors for the purpose of selling them interests in the Blind Trust. The Blind Trust was never registered with the Secretary of State.
5. At all relevant times, Respondent failed to file the proper forms to register as an investment adviser with the Secretary of State.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State’s Conclusions of Law as follows:

6. Respondent’s activities described in paragraphs 2-4 involve the offer and sale of investment contracts and therefore securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Act of 1953 (815 ILCS 5/1)(the “Act.”)
7. Section 5 of the Act provides, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act, or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificate contracts required to be registered under Section 6 of this Act, or investment fund shares required to be registered under Section 7 of this Act, shall be registered either by coordination or by qualification, as hereinafter in this Section provided, prior to their offer or sale in this State.
8. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
9. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act.
10. Respondent violated Sections 12.A and 12.D of the Act.
11. Section 2.11 of the Illinois Securities Law of 1953 (815 ILCS 5/1) as amended (the “Act”) provides, *inter alia*, that “Investment adviser” means an person who, for compensation, engages in this State in the business of advising others, either

directly or through publications or writings, as to the value of securities or as to the advisability or investing in, purchasing, or selling securities or who holds himself out as providing the foregoing investment advisory services to others for compensation;

12. Section 8.A of the Act provides, *inter alia*, that except as otherwise provided, every investment adviser shall be registered as such with the Secretary of State
13. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to act as an investment adviser unless registered as such, where such registration is required, under the provisions of this Act.
14. Respondent violated Sections 12.C and 12.D of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: Michael J. Murphy is hereby PROHIBITED from offering or selling any securities in or from the State of Illinois.

ENTERED: This 15th day of May, 2003.



Jesse White
Secretary of State
State of Illinois

NOTICE: This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Adm'n. Code, Ch. 1., Sec. 130.1123). Any action for judicial review must be commenced within thirty-five days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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