

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: ANTHONY MEDIATE III

) File No. 1300322
)

NOTICE OF HEARING

TO THE RESPONDENT. Anthony Mediate III (CRD# 2449614)
National Securities Corporation
514 Route 35
Red Bank, NJ 07701-4701

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130; Subpart K, a public hearing will be held at 300 W Jefferson Avenue, Suite 300A, Springfield, Illinois, 62702, on the 16th day of October, 2013 at the hour of 10.00 a.m. or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State

Said hearing will be held to determine whether an Order should be entered suspending or revoking the registration of Anthony Mediate III (the "Respondent") as a salesperson in the State of Illinois and/or whether to grant such other relief as may be authorized under the Act, including, but not limited to, 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. At all times relevant hereto, Respondent was registered as a salesperson in the State of Illinois pursuant to Section 8 of the Illinois Securities Law [815 ILCS 5/1 et seq.] (the "Act").
2. The Financial Industry Regulatory Authority, Inc. (FINRA) is a private, non-governmental organization that is registered with the United States Securities and Exchange Commission as a self-regulatory organization pursuant to the Securities Exchange Act of 1934.
3. At all times relevant hereto, Respondent was FINRA-registered
4. From January 8, 2007 to November 21, 2007, Respondent was a registered representative of Carlton Capital Group, Inc., a FINRA-registered firm
5. From October 23, 2007 to January 14, 2011, Respondent was a registered representative of J.P. Turner & Company, LLC, a FINRA-registered firm

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- 6 From January 19, 2011 to December 19, 2011 and from November 21, 2012 until the present, Respondent was a registered representative of National Securities Corporation, a FINRA-registered firm
- 7 On June 27, 2013, FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No 2009018517201, which sanctioned the Respondent as follows.
 - a Respondent was suspended from association with any FINRA member in any capacity for sixty (60) calendar days.
- 8 The suspension is effective from July 15, 2013 to December 12, 2013.
- 9 Monetary sanctions were not imposed due to Respondent's financial status
- 10 The Letter, signed by Respondent on or about June 10, 2013, acknowledged that Respondent engaged in excessive trading and exercised discretion without written authorization of a customer account Respondent also failed to timely amend his Form U4 to report an outstanding civil judgment.
 - a. From January 2007 to April 2008, the frequency of trading in a client's account increased The client suffered a net out-of-pocket loss of approximately \$55,000 and paid \$37,464.45 in commissions The turnover ratio for the account was 5.35 and the commission-to-equity ratio was 30% The level of activity was inconsistent with the client's stated objectives and financial situation
 - b. From November 2007 to April 2008, Respondent exercised discretion without written authorization in the same client's account
 - c Respondent did not disclose a February 7, 2011 civil judgment until October 21, 2011, which was two days after he was confronted with the judgment at a FINRA on-the-record interview.
- 11 Respondent acknowledged the following violations
 - a. NASD Conduct Rule 2310- requiring that recommendations to a customer, regarding the purchase, sale or exchange of any security, be reasonably based on a belief that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his or her other security holdings and as to his or her financial situation and needs.

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- b. NASD Conduct Rule 2110- prohibiting the use of material, non-public information by FINRA members to buy or sell an option, security future or an underlying security.
 - c. Article V, Section 2(c) of FINRA's By-Laws- requiring every application for registration filed with FINRA be kept current at all times.
 - d. FINRA Rule 1122- prohibiting the filing of membership or registration information which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, and the failure to correct such filing after notice thereof
 - e. FINRA Rule 2010- requiring members to comply with the efforts of FINRA staff conducting an investigation
12. Prior to the FINRA suspension, two individuals and a couple alleged in arbitration that Respondent caused them to suffer damages of \$150,000 while Respondent was a registered representative of Carlton Capital Group, Inc. and J P Turner & Company, LLC
- a. The allegations included unsuitable transactions, unauthorized trades, misrepresentation and churning
 - b. On or about May 7, 2010, J.P. Turner and Respondent settled the dispute for \$36,000
 - c. On or about September 30, 2010, a stipulated award was also granted in the amount of \$100,000 against Carlton Capital Group and Respondent. Respondent was held jointly and severally liable.
13. Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be suspended or revoked if the Secretary of State finds that such salesperson has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, revoked, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner 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.
14. Section 11.E(4) of the Act provides, *inter alia*, that the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed ten thousand dollars (\$10,000) for each violation of the Act, as well as the costs of investigation and reasonable expenses.

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15. By virtue of the foregoing, Respondent's registration as a salesperson in the State of Illinois is subject to suspension or revocation and Respondent is subject to a fine of up to ten thousand dollars (\$10,000) per violation, costs of investigation and reasonable expenses.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill Adm. Code 130.100 et seq.) (the "Rules") to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty (30) days of the receipt of this Notice. A failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

You may be represented by legal counsel, present evidence, cross-examine witnesses and otherwise participate. However, a failure to appear shall constitute default.

Delivery of Notice to the designated representative of the Respondent constitutes service upon such Respondent.

ENTERED. This 5th day of August, 2013


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State

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Hearing Officer

Jon K. Ellis