

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: WILLIAM J. MURPHY )  
\_\_\_\_\_) )

FILE NO. 1100460

CONSENT ORDER OF REVOCATION

TO THE RESPONDENT: William J. Murphy  
(CRD#: 1437087)  
14420 South Long Avenue  
Midlothian, Illinois 60445

WHEREAS, the above captioned matter came to be heard on March 28, 2012, pursuant to the Notice of Hearing dated December 8, 2011, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer concerning Respondent William J. Murphy are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with a Notice of Hearing on or about December 8, 2011.
2. That Respondent failed to answer, appear, or submit a responsive pleading.
3. The Respondent did not appear at the Hearing.
4. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson and investment adviser representative in the State of Illinois pursuant to Section 8 of the Act until about November 8, 2011.

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5. That on October 20, 2011 the National Adjudicatory Council ("NAC"), Financial Industry Regulatory Authority affirmed the Findings contained in the May 6, 2010 Hearing Panel Decision ("HPD") regarding Complaint No. 2005003610701. The NAC modified the HPD's sanctions upon the Respondent to reflect the following
  - a. barred in all capacities;
  - b. fined \$585,174.67, an amount that represents disgorgement;
  - c. pay \$9,503.17, jointly and severally, in hearing costs; and
  - d. pay \$3,510.80 in appeal costs, jointly and severally.
  
6. That the Decision found:

The Hearing Panel considered a nine-cause complaint involving other parties and matters and which also addressed the Respondent's handling of two customer accounts. The Hearing Panel found that the respondent: (a) engaged in discretionary trading without written authorization from his clients or the Firm, in violation of NASD Rules 2510(b), 2860(b)(18), and 2110 (cause one of the Complaint); (b) engaged in excessive and unsuitable trading, in violation of NASD Rules 2310, 2860, and 2110, and IM-2310-2 (cause two of the Complaint); (c) churned customers' accounts, in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), Rule 10b-5 thereunder, and NASD Rules 2120, 2310, 2110 and IM-2310-2 (cause three of the Complaint); (d) traded beyond the approved level in a customer's account and engaged in unauthorized trading, in violation of NASD Rule 2110 (cause four of the Complaint); and (e) caused the creation and distribution of inaccurate, unbalanced, and misleading communications, in violation of NASD Rules 2210, 0220, and 2110 (cause five)

### Factual Synopsis:

The Respondent effected trades in the accounts of public customers without obtaining customers' specific authorization for the trades and without having obtained prior written authorization from customers and prior written acceptance by his member firm of the customers' accounts as discretionary accounts. The complaint alleges that the respondent recommended and executed transactions in the accounts of customers that were unsuitable and excessive in size and frequency in view of customers' financial situation and investment objectives. The complaint also alleges that, in pursuing the aggressive trading strategy in the accounts of customers, the respondent acted with intent to defraud or with reckless disregard for the customers' best interest, for purpose of generating commissions. In addition, the complaint alleges that the respondent recommended, effected and maintained uncovered options positions in customer's

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accounts and in effecting the uncovered trades, he traded beyond the levels authorized by the customer and approved by his supervisor. Moreover, the complaint alleges that the respondent caused written communications that were inaccurate, misleading or otherwise unbalanced, to be created and subsequently distributed to a customer.

WHEREAS, the Secretary of State finds the proposed Conclusions of Law of the Hearing Officer are correct and are hereby adopted based on the law and the record in this matter, and as the Conclusions of Law of the Secretary of State:

1. The Department properly served the Notice of Hearing on Respondent.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 13.1104:
  - (a) the allegations contained in the Notice of Hearing are deemed admitted;
  - (b) Respondent waived his right to a hearing;
  - (c) Respondent is subject to an Order of Default.
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109, he:
  - (a) waived his right to present evidence, argue, object or cross examine witnesses; or
  - (b) otherwise participate at the hearing.
6. That Section 8.E (1)(j) of the Act provides, inter alia, that the registration of a salesperson and investment adviser representative may be revoked if the Secretary of State finds that such salesperson or investment adviser 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.
7. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

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8. 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 adviser 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.
9. That by virtue of the foregoing, the Respondent's registrations as a salesperson and investment adviser representative in the State of Illinois are subject to revocation pursuant to Sections 8.E(1)(j) and 8.E(3) of the Act.

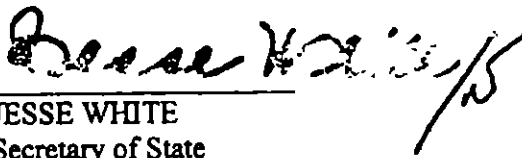
WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered Revoking the Salesperson registration of Respondent William J. Murphy in the State of Illinois, and Revoking the registration of William J. Murphy as Investment Adviser representative in the State of Illinois, retroactive to the dates of his last registrations.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent William S. Murphy's registration as an Salesperson in the State of Illinois shall and is REVOKED, effective November 8, 2011.
2. Respondent William J. Murphy's registration as an Investment Adviser Representative in the State of Illinois shall and is REVOKED, effective November 10, 2011.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 28<sup>th</sup> day of August 2013.

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JESSE WHITE  
Secretary of State  
State of Illinois