

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF.     ANTHONY MEDIATE III

) File No. 1300322  
)

ORDER OF REVOCATION

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

WHEREAS, on October 16, 2013, Jon K. Ellis, Hearing Officer for the Illinois Secretary of State Department of Securities (the "Department"), held a hearing 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, (the "Code") to determine whether an Order should be entered pursuant to Sections 8 E(1)(j) and 11 of the Act, suspending or revoking Respondent's salesperson registration in the State of Illinois, and/or granting such other relief as may be authorized under the Act

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 Facts, Conclusions of Law and the Recommendation of the Hearing Officer in the above-captioned matter have been read and examined

WHEREAS, the Respondent failed to file an Answer to the allegations set forth in the Notice of Hearing, served on or about August 9, 2013, as instructed by the Notice and as is required by Section 130.1104 of the Code

WHEREAS, the Respondent presented no evidence, and did not appear in person or by counsel at the hearing

WHEREAS, the following proposed Findings of Fact are correct and are hereby adopted by the Secretary of State:

- 1 The Exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.

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- 3 The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. As no Answer was timely filed, the Respondent is therefore deemed to be in default.
5. 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")
6. 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.
- 7 At all times relevant hereto, Respondent was FINRA-registered.
- 8 From January 8, 2007 to November 21, 2007, Respondent was a registered representative of Carlton Capital Group, Inc , a FINRA-registered firm.
- 9 From October 23, 2007 to January 14, 2011, Respondent was a registered representative of J.P. Turner & Company, LLC, a FINRA-registered firm
- 10 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
- 11 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
12. The suspension is effective from July 15, 2013 to December 12, 2013
13. Monetary sanctions were not imposed due to Respondent's financial status
- 14 The AWC 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

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- 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 00 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

### 15 Respondent acknowledged the following violations

- a. NASD Conduct Rule 2310, which requires 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.
  - b. NASD Conduct Rule 2110, which prohibits 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, which requires every application for registration filed with FINRA be kept current at all times
  - d. FINRA Rule 1122, which prohibits 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, which requires members to comply with the efforts of FINRA staff conducting an investigation
16. 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

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- 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.
17. 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.
18. 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.
19. Section 11.F(1) of the Act provides, *inter alia*, that the Secretary of State shall not suspend or revoke the registration of a salesperson, impose any fine for violation of this Act, issue an order of public censure, or enter into an agreed settlement except after an opportunity for hearing upon not less than 10 days notice given by personal service or registered mail or certified mail, return receipt requested, to the person or persons concerned. Such notice shall state the date and time and place of the hearing and shall contain a brief statement of the proposed action of the Secretary of State and the grounds for the proposed action. A failure to appear at the hearing or otherwise respond to the allegations set forth in the notice of hearing shall constitute an admission of any facts alleged therein and shall constitute sufficient basis to enter an order.
20. 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.
21. The entry of a final written order of revocation is proper in this Matter, given the conduct of the Respondent as described in Secretary of State Exhibit No. 2.

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WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. The actions, representations, and/or omissions of the Respondent when acting as a registered salesperson as detailed in the June 27, 2013 FINRA Letter of Acceptance, Waiver and Consent are violations of Section 8.E of the Act
2. Because of the findings of this Order and the Exhibit admitted as Secretary of State Exhibit No. 2, the Respondent is subject to the entry of a final written Order that revokes the Respondent's registration as a salesperson of securities in the State of Illinois pursuant to Sections 8 E(1)(j) and 11 of the Act, and grants such other relief as may be authorized under the Act

WHEREAS, the Hearing Officer recommends that a written Final Order be entered pursuant to Sections 8.E(1)(j) and 11 of the Act that revokes the Respondent's registration as a salesperson of securities in the State of Illinois

WHEREAS, the proposed Recommendation of the Hearing Officer is adopted by the Secretary of State.

NOW THEREFORE IT IS HEREBY ORDERED That pursuant to the foregoing Findings of Fact, Conclusions of Law, and the Recommendation of the Hearing Officer, the Respondent's registration as a salesperson in the State of Illinois is hereby REVOKED

ENTERED This 25<sup>th</sup> day of October, 2013



JESSE WHITE  
Secretary of State  
State of Illinois

**NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony for each offense.**

**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 Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 130.1123]. Any action for Judicial**

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**Review must be commenced within thirty-five (35) 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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