

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

IN THE MATTER OF: STEVE TRACY

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FILE NO. C1200148

NOTICE OF HEARING

TO THE RESPONDENT: STEVE TRACY (CRD# 1648245)
746 Hinsdale Avenue
Hinsdale, Illinois 60521

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1] (the " Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602 on the 1st day of December, 2015 at the hour of 10:00 a.m. or as soon as possible thereafter, before, James Kopecky, 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 prohibiting Steve Tracy (the "Respondent") from acting as an investment Adviser and/or 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:

BACKGROUND FACTS

1. Respondent Steve Tracy ("Respondent Tracy") engages in the business of providing investment advisory services to the general public. His last known address is 746 Hinsdale Avenue, Hinsdale, Illinois 60521.
2. Respondent Tracy was registered in the State of Illinois as an investment adviser representative from July 28, 2006 through April 11, 2008,
3. Between July 2011 and August 2011, when no longer registered in the State of Illinois as an Investment Adviser Representative, Respondent provided

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investment advisory services when not in compliance with the filing requirements of Section 8 of the Act.

4. On or about July 26, 2011, Investor NK entered into a "interest rate consulting agreement for professional investors" whereby Respondent Tracy agreed to "advise and manage an interest rate strategy" of funds designated by Investor NK.
5. In or around August 2011, Respondent Tracy traded options in Investor NK's brokerage account resulting in a loss of approximately \$12,043 in one month.
6. The activities described above, constitute the activities of an Investment Adviser and/or Investment Adviser Representative as defined in Sections 2.11 and 2.12b of the Act.

COUNT I

**815 ILCS 5/12.D violation: Respondents acted as
unregistered investment adviser and/or investment
adviser representative**

- 1-6. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 6 above, as paragraphs 1 through 6 of this Count I.
7. That Section 8.A of the Act, states inter alia, that except as provided otherwise, every investment adviser and investment adviser representative shall be registered as such with the Secretary of State.
8. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof".
9. The Respondent Tracy failed to file with the Secretary of State applications for registration as required by the Act:
 - a) failed to file an application for registration as an Investment Adviser pursuant to Section 8.D, or to notice file pursuant to Section 8.C-5 of the Act.
10. That Section 130.839 of the Rules of the Act provides, inter alia, that:
 - a) Effective October 1, 2002, each new applicant filing as an investment adviser or federal covered investment adviser shall file with the NASD, utilizing the IARD, a complete Form U-4 for each investment adviser

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representative and pay the filing fee specified in Section 130.110 of this Part.

- b) For purposes of the annual re-registration of investment adviser representatives, each investment adviser and federal covered investment adviser shall file with the NASD, utilizing the IARD, and pay the filing fee specified in Section 130.110 of this Part.
11. Respondent Tracy failed to file a complete U-4 for each Investment Adviser Representative and to pay the filing fee as specified in Section 130.110.
12. That by virtue of the foregoing, the Respondents have committed a violation of Section 12.D of the Act.
13. That Section 11.E(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is acting or has acted as an investment adviser or investment adviser representative, without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit or suspend the person from acting as an investment adviser or investment adviser representative, in this State.
14. That by virtue of the foregoing, the Respondent is subject to the entry of an order prohibiting or suspending him from acting as an investment adviser or investment adviser representative in the State of Illinois.

COUNT II

**815 ILCS 5/12.C violations: Respondents acted as
unregistered investment adviser and/or investment
adviser representative**

- 1-6. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 6 above, as paragraphs 1 through 6 of this Count II.
7. The activities of Respondent Tracy constituted the activities of an investment adviser and/or investment adviser representative as defined at Section 2.12b of the Act.
8. Section 12.C of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "act as a dealer, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act."
9. Section 8.A of the Act provides, inter alia, that except as otherwise provided, every dealer, limited Canadian dealer, salesperson investment adviser, and

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investment adviser representative shall be registered as such with the Secretary of State.

10. The Department has searched its Records and the Department has found no record of Registration for Respondent as an investment adviser in the State of Illinois, in accordance with the registration requirements of the Act.
11. By virtue of the foregoing, Respondent Tracy violated 12.C 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.

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

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

Dated: This 11th day of September 2015


JESSE WHITE
Secretary of State
State of Illinois

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