

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: BEARD FINANCIAL SERVICES, INC. ) File No. 1600699  
CRD # 113913 )  
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NOTICE OF HEARING

TO THE RESPONDENT: Beard Financial Services, Inc.  
Attn: James Rafoth  
108 West Western Reserve Road  
Youngstown, OH 44514

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 (the "Code"), a public hearing will be held at 421 East Capitol Avenue, 2<sup>nd</sup> Floor, Springfield, Illinois 62701, on the 9<sup>th</sup> day of December, 2016 at the hour of 10:00 AM or as soon thereafter as counsel may be heard, before Abby Sgro 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 denying the registration of Beard Financial Services Inc. and whether to grant such relief as may be authorized under the Act, including, but not limited to, imposition of a monetary fine, 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. Respondent, Beard Financial Services, Inc., has a last known address at 108 West Western Reserve Road in Youngstown Ohio.
2. James Rafoth (CRD # 2243194) is president of Respondent.
3. Respondent was registered as a dealer in Illinois from May 10, 2002 to December 31, 2015.
4. After December 31, 2015, Respondent remained registered as a dealer in Ohio and several other states.
5. On July 27, 2016, Respondent re-applied for registration as a dealer in Illinois pursuant to Section 8 of the Act.
6. On or about January 4, 2016, Respondent, by and through James Rafoth, engaged in the sale of securities on behalf of a customer residing in Illinois.
7. James Rafoth was not registered as a salesperson in Illinois at the time of the transactions.

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8. The above-mentioned activities constitute the activities of a dealer and salesperson as those terms are defined pursuant to Sections 2.7 and 2.9 of the Act.
9. Section 8.A of the Act provides, *inter alia*, that all dealers and salespersons, except as otherwise provided, shall be registered with the Secretary of State.
10. Section 8.E(1)(e)(ii) of the Act provides, *inter alia*, the registration of a dealer may be denied, suspended, or revoked if the Secretary of State finds that such dealer has offered or sold securities through a salesperson other than a registered salesperson.
11. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a dealer or salesperson may be denied, suspended, or revoked if the dealer or salesperson has violated any provisions of the act.
12. Section 12.A of the Act states *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 the Act.
13. Section 12.C of the Act states *inter alia* that it shall be a violation to act as a dealer or salesperson unless registered as such, where registration is required under the provisions of the Act.
14. Section 11.E(3) of the Act provides, *inter alia*, that the Secretary of State, after finding that any person has engaged in the business of selling or offering for sale securities as a dealer or salesperson without having complied with the registration requirements of the Act, may prohibit or suspend the person from engaging in the business of selling or offering for sale securities.
15. 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 \$10,000.00 for each violation of the Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
16. By virtue of the foregoing, Respondent has violated Sections 12.A and 12.C of the Act, and is subject to sanctions pursuant to Sections 8 and 11 of the Act.
17. By virtue of the foregoing, Respondent is subject to a fine, an order of censure, an order of denial pursuant to Section 8 of the Act, and an order that suspends or revokes its registration in the State of Illinois pursuant to Section 11 of the Act.

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NOTICE: 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 to the allegations contained in the Notice of Hearing, and waives your right to a hearing.

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

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

ENTERED: This 4<sup>th</sup> day of November, 2016

  
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Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Thomas M. Hoffmann  
Illinois Securities Department  
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Hearing Officer:  
Abby Sgro