

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

\_\_\_\_\_) )  
IN THE MATTER OF: GEORGE MICHAEL LOUGHRY )  
\_\_\_\_\_) )

File No: C0200886

**NOTICE OF HEARING**

TO THE RESPONDENT:

George Michael Loughry  
574 Shuey Avenue  
Greensburg, Pennsylvania 15601  
CRD#1241921

George Michael Loughry  
First Montauk Securities Corp.  
7780 Route 30  
North Huntington, Pennsylvania 15642

You are hereby notified that, 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 "Rules"), a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 9th day of April, 2003 at 10:00 am, or as soon thereafter as counsel may be heard, before Richard M. Cohen, Esq., or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered revoking George Michael Loughry's (the "Respondent") registration as a salesperson 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:

1. At all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on May 13, 2002 NASD Regulation, Inc (NASDR) entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding FILE NO. C9B020055 which sanctioned the Respondent as follows:

- A. Ten business day suspension from association with any NASD member firm in any capacity;
  - B. \$2,500 fine; and
  - C. Disgorgement of commissions of \$4,250.
3. The AWC found that from February 2000 through April 2000 the Respondent made unsuitable mutual fund recommendations to several of his customers. Respondent's recommendations were unsuitable because there were funds within the family of funds that were sold with investment objectives and holdings comparable to the funds that were purchased. Respondent's customers could have taken advantage of "free exchanges" within their existing funds at no additional costs. Instead, Respondent's customers followed his recommendations and incurred higher fees and sales charges, while Respondent earned a full commission on each transaction. As a result of his unsuitable recommendations, Respondent earned approximately \$8,500 in commissions. Respondent's conduct was a violation of NASD Conduct Rule 2110 and 2310.
  4. That Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson 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.
  5. That NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
  6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.


You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of the receipt of this notice. Your failure to do this 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.

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

A copy of the Rules promulgated under the Act and pertaining to Hearings held by 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 19<sup>th</sup> day of February, 2003.

  
Jesse White  
Secretary of State  
State of Illinois

Attorneys for the Secretary of State:

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Daniel Tunick  
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(312) 793-3384

Hearing Officer:

Richard M. Cohen

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