

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

IN THE MATTER OF:

**Bear, Stearns & Co., Inc.,
(CRD # 79).**

File Number: 0500088

NOTICE OF HEARING

TO THE RESPONDENT: Bear, Stearns & Co., Inc.
(CRD # 79)
115 S. Jefferson Rd.
Whippany, NJ 07981

C/o Dorothy Mancino Staniec
Managing Director
(CRD #1054156)
115 S. Jefferson Rd.
Whippany, NJ 07981

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 "Rules"), a public hearing is scheduled to be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 6th day of April 2005, at 10:00 a.m., or as soon thereafter as counsel may be heard, before Soula J. Spyropoulos, 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 which would revoke Bear, Stearns & Co., Inc.'s registration 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.F 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:

1. Bear, Stearns & Co., Inc. (CRD #79) (“Respondent Bear Stearns” or “Bear Stearns”) is a corporation with a last known address of 115 S. Jefferson Rd., Whippany, NJ 07981.
2. Dorothy Staniec (CRD #1054156) (“Staniec”) is listed as a Managing Director¹ and contact person for Respondent Bear Stearns on the CRD system.
3. Bob Grogan (“Investigator Grogan”) is an Illinois Securities Department Investigator.
4. Leslie Laureano (“Ms. Laureano”) is an Administrative Assistant with the Illinois Securities Department (the “Department”).

BEAR STEARNS FAILED TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT SUBPOENA

5. On January 20, 2005, Investigator Grogan called Staniec’s office and confirmed that she would receive a subpoena (the “Subpoena” – Attachment A) on behalf of Bear Stearns through fax.
6. On January 20, 2005, Investigator Grogan served the Subpoena by fax on Bear Stearns, by faxing to the attention of Staniec.
7. The “Transmission Verification Report” indicates seven pages were successfully faxed to 1-973-793-2209 on January 20, 2005 (Attachment B).
8. On January 20, 2005, Ms. Laureano, on behalf of the Department, mailed a duplicate copy of the Subpoena by U.S. mail to Bear Stearns, to the attention of Staniec. The subpoena had a U.S. mail tracking number of 7004 2510 0004 0696 7052. (Attachment C)
9. The Subpoena (U.S. mail tracking number of 7004 2510 0004 0696 7052) was received and signed for by Bear Stearns on January 26, 2005 (Attachment C).
10. The Subpoena due date was January 27, 2005.
11. As of Thursday, February 10, 2005, the Department has not received any documents responsive to the Subpoena.
12. Section 12.D of the Act states, *inter alia*, that it is a violation of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act.

¹ Per CRD system report dated February 8, 2005.

13. By virtue of the foregoing, Respondent Bear Stearns violated Section 12.D of the Act.

RESPONDENT BEAR STEARNS' REGISTRATION IN THE STATE OF ILLINOIS IS SUBJECT TO REVOCATION

14. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a dealer may be revoked, if the salesperson has violated any provisions of the Act.
15. Section 8.E(1)(m) of the Act provides, *inter alia*, that the registration of a dealer may be revoked, if the dealer has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the dealer.
16. Section 8.E(1)(r) of the Act provides, *inter alia*, that the registration of a dealer may be revoked, if the dealer has impeded designees of the Secretary of State from conducting an investigation under this Act.
17. Bear Stearns' failure to respond to the Subpoena by the due date demonstrates an inability to properly conduct the business of the dealer.
18. Bear Stearns' failure to respond to the Subpoena by the due date has impeded designees of the Secretary of State from conducting an investigation under the Act.
19. By virtue of the foregoing, Respondent Bear Stearns' registration as a dealer in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(g), 8.E(1)(m), and 8.E(1)(r) of the Act.

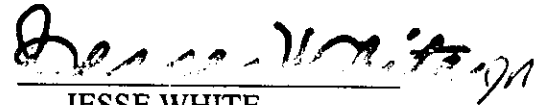
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed 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 by the Office of the Secretary of State, Securities Department, is include with this Notice.

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

DATED: This 10th day of February 2005.



JESSE WHITE
Secretary of State
State of Illinois

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