

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

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**IN THE MATTER OF: JAMES M. BEGALE**  
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**FILE NO. 0500317.**

**NOTICE OF HEARING**

**TO RESPONDENT:** James M. Begale  
(CRD#: 16874)  
401 Collen Drive  
Lombard, Illinois 60148

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, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 7<sup>th</sup> day of December, 2005 at the hour of 10:00 a.m. or as soon as possible thereafter, before Soula J. Spyropoulos, 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 revoking James M. Begale'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. That 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 until March 5, 2004.
2. That on April 28, 2005, NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C8A050032 imposed the following sanctions:
  - a. suspension from association with any member of NASD in any capacity for 90 day; and

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- b. fine of \$5,000.
3. That the AWC found: on February 17, 2004, the Respondent altered a New Account Form ("NA Form") which had been signed by RS, who is a member of the public, and affixed RS's initials at two locations on the NA Form without RS's knowledge or consent, and submitted the NA Form to the Member, in violation of NASD Conduct Rule 2110 by the Respondent. The NA Form was altered by adding that RS had a risk tolerance of "Moderate Risk" along with the existing "Low Risk," and by prioritizing her investment objectives beyond the initial desired objective of "Tax Deferral." He engaged in this activity after a person in the Member's New Accounts Department explicitly told him that RS must initial any changes to the NA Form.
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 NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.
7. 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 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.

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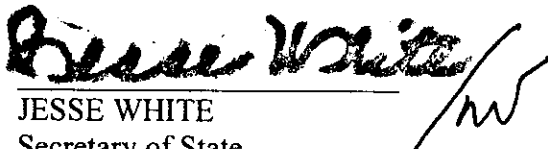
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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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 included with this Notice.

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

Dated: This 24<sup>th</sup> day of October 2005

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

Daniel A. Tunick  
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Illinois Securities Department  
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Chicago, Illinois 60602  
312-793-3384

Hearing Officer:

Soula J. Spyropoulos  
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Lincolnwood, Illinois 60712  
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