



Notice of Hearing

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2. That the decision found:
  - a. That Rhodes was registered with NASD as a General Securities Representative through Kirlin Securities, Inc., from October 8, 1996 to October 17, 2003.
  - b. That on October 8, 1998, Rhodes recommended that Kirlin customer AB ("AB"), a 71-year-old retiree, purchase, and AB did purchase, 93 lots of Venezuelan Brady Bonds.
  - c. That on May 25, 1999, Rhodes recommended that AB purchase 118 Ecuador Brady Bonds. AB purchased said bonds on May 25, 1999.
  - d. That on May 27, 1999, Rhodes recommended that Kirlin customer GF ("GF"), an 87-year-old retiree, purchase, and GF purchased, 100 Ecuador Bonds.
  - e. That Rhodes failed to fully understand the securities that he was recommending and the consequences of his recommendations.
  - f. Specifically, Rhodes did not know:
    - i. The bonds sold to customers AB and GF were not rated or were rated below investment grade,
    - ii. The financial condition of the foreign countries that issued the bonds and their corresponding risk of default,
    - iii. That the Venezuelan bonds were only transferable in denominations of 250 and greater, and that lesser denominations of the bonds were illiquid in the dealer market; and
    - iv. The only way for AB to sell his interest in the Venezuela bonds was for Kirlin to repurchase the bonds.
  - g. That Rhodes did not have reasonable grounds for believing that his recommendations and the transactions were suitable for each customer's financial situation, investment objectives and needs.
  - h. By virtue of the foregoing, Rhodes violated NASD Conduct Rules 2310(a) and 2110.

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3. 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.
4. That the NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
5. 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.

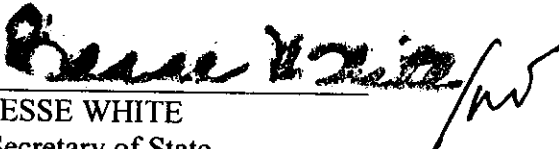
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

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 under the Act 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 9<sup>th</sup> day of February 2006.

  
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JESSE WHITE  
Secretary of State  
State of Illinois