

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

\_\_\_\_\_  
IN THE MATTER OF: PHILLIP M. GRAFF )  
\_\_\_\_\_) )

FILE NO. 0700561

**NOTICE OF HEARING**

TO THE RESPONDENT: Phillip M. Graff (CRD#: 2094581)  
498 Franklin Lane  
Elk Grove Village, Illinois 60007

C/o Peter B. Shaeffer  
Attorney At Law  
30 North LaSalle Street  
Suite 2140 Chicago, Illinois 60602

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, as amended [815 ILCS 5/1] (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 9<sup>th</sup> day of April, 2008 at the hour of 10:00 a.m. or as soon as possible thereafter, before George Berbas, 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 or suspending Phillip M. Graff'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 December 18, 2007.
2. That on December 18, 2007, the Respondent's employment as a salesperson was terminated by Princorp Financial Services Corporation, a registered dealer in the State of Illinois.

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3. That the Respondent failed to file an amendment to his U-4 Form to reflect this termination.
4. That Section 8.C(8) of the Act provides, inter alia, that Any change which renders no longer accurate any information contained in any application for registration or re-registration as a salesperson shall be reported to the Secretary of State within 10 business days after the occurrence of such change.
5. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the provisions 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
6. That Section 8.E(1)(g) of the Act provides that the registration of a salesperson may be revoked or suspended if he has violated any of the provisions of this Act.
7. 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 an 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.
8. That by virtue of the foregoing, the Respondent's registration as a salesperson in the state of Illinois is subject to revocation or suspension pursuant to Sections 8.E(1)(g) and 8.E(3) 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 the Office of the Secretary of State, Securities Department, is included with this Notice.

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

Dated: This 19<sup>th</sup> day of February 2008.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Daniel A. Tunick  
Office of the Secretary of State  
Illinois Securities Department  
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Chicago, Illinois 60602  
Telephone: (312) 793-3384

Hearing Officer:  
George Berbas  
180 N. LaSalle Street