

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

IN THE MATTER OF: WILLIAM H. WEISBROD

) FILE NO. 0900216  
)

**NOTICE OF HEARING**

TO THE RESPONDENT: William H. Weisbrod  
(CRD#: 812664 )  
46 Foremost Mountain  
Road Mountville, New Jersey 07045

William H. Weisbrod  
(CRD#: 812664 )  
C/o Purshe Kaplan Sterling Investments, Inc.  
18 Corporate Woods Boulevard  
Albany, New York 12211

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 26th day of August, 2009 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky 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 denying William H. Weisbrod'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 on April 17, 2009, Purshe Kaplan Sterling Investments, Inc., a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on January 14, 2009 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. 20050003485101 Which sanctioned the Respondent as follows:
  - a. two-month suspension from association with any FINRA member in any capacity; and
  - b. fined \$33,500, of which \$23,500 represents disgorgement of commissions earned by the Respondent on the unsuitable transactions entered in PW's accounts.
3. That the AWC found:

### **OVERVIEW**

The Respondent recommended unsuitable transactions in customer PW's accounts involving the purchase of approximately \$2 million of Class B mutual fund shares in 12 similar mutual funds. Further, the Respondent entered this level of Class B mutual fund transactions, which was not permitted by his employer member firm, in a manner designed to evade firm policy and circumvent its supervisory controls. This conduct violated NASD Conduct Rules 2310 and 2110, IM-2310-2 and IM-2830-1.

### **FACTS AND VIOLATIVE CONDUCT**

In 2002, Customer PW was a young homemaker, caring for two small children, and had virtually no investment experience. Her husband died in the World Trade Center on September 11, 2001, and, about one week later, she gave birth to a special needs child. PW sought advice from the Respondent on how to invest \$2 million in insurance proceeds and other money she had received after her husband's death. PW's main concern was that the \$2 million provide for her family indefinitely. She had no other source of income, as her husband had been the family's sole breadwinner, and needed to ensure that there was enough money for the family's living and medical expenses. PW completely relied upon the Respondent to invest her money in a manner consistent with her needs and objectives.

From February 2002 through July 2002, the Respondent recommended and effected approximately \$2 million in purchases of Class B mutual fund shares in PW's accounts without having reasonable grounds for believing that the transactions were

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suitable, given the total dollar amount of Class B shares purchased and PW's financial situation and needs. Indeed, the prospectuses for some of the subject mutual funds provided that Class B share purchases in excess of \$250,000 were not appropriate due to the higher expenses of such shares. PW could have purchased Class A shares in the same and/or another comparable fund with no sales charge by applying breakpoints, using letters of intent and/or using rights of accumulation. Instead, the Respondent invested PW's money in Class B shares of 12 similar mutual funds within 9 different fund families. By investing solely in the Class B shares, PW was exposed to unnecessary fees, paying nearly twice as much in annual expenses, while the Respondent significantly increased his commissions)

Between March 9, 2007 and May 11, 2007, Citigroup provided \$89,870 in restitution to PW based on the Respondent's unsuitable investment recommendations.

At the time the respondent effected those transactions in customer PW's accounts, Citigroup (Respondent's then current employer) required pre-approval of Class B share purchases in excess of \$100,000. To circumvent this pre-approval policy and the firm's supervisory controls, the Respondent entered almost all of the trades in PW's accounts in amounts of 590,000 or less.

Based on the foregoing, the Respondent violated NASD Conduct Rules 2310 and 2110, /M-2310-2 and IM-2830-1.

4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied 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 FINRA 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 denial 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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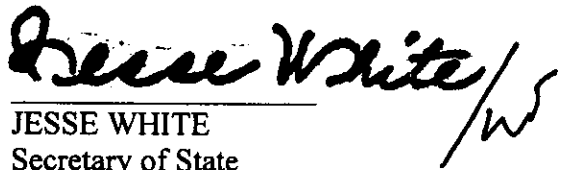
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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, the link is included with this Notice <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

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

Dated: This 10<sup>th</sup> day of July 2009

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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Hearing Officer:  
James L. Kopecky  
190 S. LaSalle  
Chicago, Illinois