

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

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IN THE MATTER OF: JOHN R. TUFTS))
_____))

FILE NO. 0900404

NOTICE OF HEARING

TO THE RESPONDENT:

John R. Tufts
(CRD #: 3198904)
3003 Ashford Lane
Madison, Wisconsin 53713

John R. Tufts (CRD #: 3198904)
C/o Ameriprise Financial Services, Inc.
5221 Ameriprise Financial Center
Minneapolis, Minnesota 55474

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 20th day of January, 2010 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 revoking John R. Tufts' (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.
2. That on August 25, 2009 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. **2007011458801** Which sanctioned the Respondent as follows:
 - a. three (3) month suspension in all capacities; and

- b. \$15,000 fine.
3. That the AWC listed the following background information:

On April 27, 1999, the Respondent entered the securities industry as an Investment Company Products/Variable Contracts Representative of a FINRA member. On October 7, 2000, he became a General Securities Representative. On September 2000, he became registered in these capacities with Ameriprise Financial Services, Inc., a FINRA member (Member). He is currently registered in these capacities with the Member.

4. That the AWC found:

OVERVIEW

Between October 2005 and April 2006, the Respondent failed to execute transactions and engaged in unauthorized transactions in customer accounts. The Respondent's failure to execute transactions resulted in customer harm.

On September 5, 2007, the Respondent exercised discretion in a customer's account and changed the customer's variable annuity sub-account selections without having obtained the customer's prior written authorization and without the firm's **acceptance of the accounts as discretionary**.

FACTS AND VIOLATIVE CONDUCT

Unauthorized Transactions and Failures to Execute Buy and/or Sell Orders

Customer DM

In October 2005, the Respondent recommended to Customer DM that she purchase \$500 worth of shares of a stock called Global Beverage Systems (GBVS) and open a Roth Individual Retirement Account (Roth IRA). Customer DM agreed to these recommendations. However, the Respondent failed to purchase the GBVS shares for DM.

In December 2005, Customer DM inquired about the performance of GBVS. The Respondent admitted that he failed to enter the order and since the shares had nearly doubled in value, he recommended against buying shares in GBVS until the price dropped. Customer DM agreed to delay the purchase of GBVS shares.

In January 2006, Customer DM agreed to sell shares of Briggs and Stratton (BGG) to fund the Roth IRA with the maximum \$4,000 annual contribution limit for 2005. The Respondent did not immediately execute this order. On February 22, 2006, the Respondent finally executed the transaction and sold shares of BGG, but by this time, the price of the stock had declined and the proceeds did not amount to \$4,000. The

Respondent attempted to call Customer DM but did not reach her. Without Customer DM's authorization, the Respondent sold 200 **shares of a different stock, Marshall & Isley Corp. (MI), in order to reach the \$4,000 amount.** At the same time, the Respondent purchased \$1,144 worth of GBVS shares for Customer DM's account without her authorization.

Customers RP and SP

In April 2006, a married couple, Customers RP and SP, had separate individual securities accounts with the Respondent. On April 27, 2006, Customers RP and SP instructed the Respondent to place good-until-cancel stop-loss orders for all their individual stocks held in both accounts. These instructions affected nine stocks held by Customer RP and 10 stocks held by Customer SP. The Respondent did not place those stop-loss orders. This caused Customers RP and SP to suffer \$5,300 in unnecessary losses. On July 6, 2006, Customers RP and SP sent a complaint letter to the Member.

On September 13, 2006, the Member issued the Respondent a "letter of caution" as a result of this complaint letter. This letter warned the Respondent to cease exercising discretion within customer accounts. This letter was made part of the Respondent's permanent compliance file at the Member.

By engaging in unauthorized transactions and by failing to execute buy and sell transactions in customer accounts, the respondent violated NASD Conduct Rule 2110 and IM-2310-2.

Discretionary Trading

The Member's written supervisory procedures prohibit discretionary trading within customer accounts. As noted above, on September 13, 2006, the Member warned the Respondent not to exercise discretion in customer accounts with a warning letter as a result of his activities in Customer RP's and SP's accounts.

Nonetheless, on September 5, 2007, the Respondent exercised discretion in Customer DG's account by changing sub-account allocations in her variable annuity without discussing the transactions with the customer. Customer DG gave the Respondent verbal authority to exercise discretion, but no written permission was given. This transaction did not result in any fees or charges to Customer DG.

By exercising discretion in this customer account without obtaining prior written authorization from the customer, and written acceptance from the Member, the Respondent violated NASD Conduct Rules 2510(b) and 2110.

5. 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.

Notice of Hearing

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6. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
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.

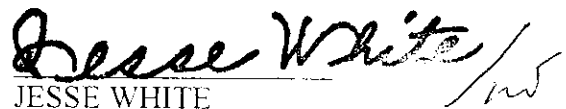
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130)(the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time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

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 24th day of November 2009.


JESSE WHITE
Secretary of State
State of Illinois

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Hearing Officer
James L. Kopecky:
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