

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: FIRST FINANCIAL GROUP)
DONALD M. MEDLEY, INC.)
ITS OFFICERS, DIRECTORS,) File No. 0900439
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS,)
AND DONALD M. MEDLEY)

NOTICE OF HEARING

TO THE RESPONDENTS: First Financial Group
Donald M. Medley, Inc.
Donald M. Medley
22 S. Main St.
Harrisburg, Illinois 62946

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702, on the 20th of January, 2010, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, (the "Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Respondent, Donald M. Medley, Inc., is an Illinois registered corporation, and Respondent First Financial Group is a purported business entity, both with a last known address of 22 S. Main St., Harrisburg, Illinois 62946;

Notice of Hearing

-2-

2. That at all times relevant, the Respondent Donald M. Medley, was president of Donald M. Medley, Inc. and First Financial Group;
3. That on or about October, 2008, Respondents Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, offered to sell securities to at least one (1) Illinois resident in that "Donald M Medley Inc" appears and is listed and/or advertised in the 2008-2009 Yellow Book telephone directory under the heading "Investment Securities";
4. That during the month of September, 2009, Respondent Donald M. Medley, representing by way of his business card that he was president of First Financial Group, met with investors at which time Donald M. Medley offered said investors securities, namely a "joint venture agreement", promising that in exchange for an investment of one million dollars, the investors' money would be pooled with approximately 100 investors, said funds would be traded in "cut money", and that this investment would be for a 40 week time period, after which time, the investors would receive a return of 30% of their original investment;
5. That at all times relevant, neither Donald M. Medley, Inc., First Financial Group, nor Donald M. Medley were registered as a dealer and/or salesperson of securities in the State of Illinois;
6. That on January 20, 1989, Donald M. Medley was convicted of a felony in Federal court and received a two year sentence of imprisonment and a fine of \$10,000.
7. That Donald M. Medley's Illinois insurance license was revoked on August 12, 1994;
8. That each of the aforesaid joint venture agreement is a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
9. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section

Notice of Hearing

-3-

4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;

10. That the aforesaid Yellow Book telephone listing/advertisement is an "offer" to sell securities as that term is defined pursuant to Section 2.5a of the Act;
11. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
12. That Section 12.C of the Act provides, inter alia, that it shall be a violation of the Act for any person to act as a dealer or salesperson unless registered as such, where such registration is required;
13. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act;
14. That at all times relevant hereto, Respondents First Financial Group and Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
15. That at all times relevant hereto, Respondents First Financial Group and Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, failed to file an application for registration as a dealer or salesperson for the sales of securities in the State of Illinois;
16. That at all times relevant hereto, Respondents First Financial Group and Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, acted as a dealer and/or salesperson of securities while not being registered as such;

Notice of Hearing

-4-

17. That by virtue of the foregoing, Respondents First Financial Group and Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, have violated Sections 12.A, 12.C and 12.D of the Act;
18. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
19. That Section 11.E.(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
20. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as an order of public censure and the costs of investigation and reasonable expenses;
21. That by virtue of the foregoing, the Respondents First Financial Group and Donald M. Medley, Inc., by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Donald M. Medley, are subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

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 or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the

Notice of Hearing

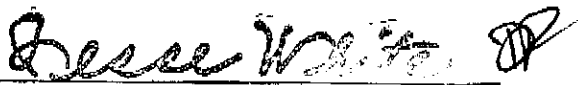
-5-

prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a 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.

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

Dated this 16th day of October, 2009.



Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Johan Schripsema
Illinois Securities Department
350 Seright, Suite C
Harrisburg, Illinois 62946
Telephone (618) 253-2007

Hearing Officer:
Jon K. Ellis
1035 South 2nd Street
Springfield, Illinois 62704
Telephone (217) 528-6835
Fax: (217) 528-6837